

'Nobody should be comfortable.' Shore prescription probe closing in on targets large and small

by Amy S. Rosenberg, Posted: May 2, 2018



TOM GRALISH

LINWOOD, N.J. — Their houses are nice, if unremarkable, a few within walking distance of the chatty Linwood bike path, not far from the now-vacant house that was the home of the late Dr. James Kauffman and his murdered wife, April.

Their lives, too, seemed pleasant, also mostly unremarkable, dads in their late 30s and 40s, days spent coaching kids' sports teams, working good jobs, kids on trikes, community activities.

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So far, the 19 people who pleaded guilty in federal court to their roles in a \$28 million compound-pharmaceutical health benefits scheme have been [pharmaceutical reps](#), two firefighters ([one from Atlantic City](#), [one from Margate](#)), a Pleasantville [teacher of the year and baseball coach](#), a [guidance counselor](#), a well-liked [Linwood mom](#) who worked as a drug rep, a [Margate doctor](#), and a gym floor installer.

But, sources say, there is at least one bigger fish in suburban Atlantic County who has yet to plead guilty: a pharmaceutical salesman who, multiple sources say, worked directly with James Kauffman, the busy endocrinologist who authorities said [killed himself in a Hudson County jail](#) in January while awaiting trial on charges he arranged the May 2012 murder of his wife.

And there is a prosecutor, Atlantic County's Damon Tyner, whose office stands ready to take aim at the low-level participants once the feds are done with those who profited the most.

"Nobody should be comfortable," Tyner said in a recent interview.

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Tyner warned that even those whose transgressions may have occurred at the lower rungs of the health-care fraud's complicated \$28 million hierarchy — the vast scheme relied on recruiting public workers with generous state health benefits, like teachers and firefighters — are not out of the woods.

The signature of John Gaffney, the doctor who has pleaded guilty to a \$25 million role in the scheme for which he received \$25,000 in kickbacks, appeared on prescriptions for more than 200 people, according to the criminal information filed by the U.S. attorney in Camden. Gaffney also admitted signing blank forms that were then copied by other co-conspirators, the government said.

Tyner won't discuss Kauffman's participation in the scheme, now unraveling plea by guilty plea in U.S. District Court in Camden, in which Shore-area public employees were recruited for their benefits and given kickbacks as doctors they never saw filled and refilled expensive and unnecessary prescriptions for things like scar, anti-fungal, and libido creams at prices as high as \$10,000 a month.

Despite involvement by the Atlantic County Prosecutor's Office in a [June 2017 raid on Kauffman's Egg Harbor Township offices](#), and predictions of hundreds of Shore-area public employees — and even a state trooper being involved, no charges related to the health-care fraud have been filed at the local level.

But Tyner said the county's investigation is ongoing, and information is regularly shared with federal investigators.

"We're continuing our investigation at our level," he said. "It's going to be all-encompassing."

Muffled acoustics

Out of all the breathless gossip since last summer has come a series of guilty-plea hearings held in the muffled acoustics of the large courtroom of U.S. District Judge Robert Kugler in Camden, hearings rarely attended more than the three FBI agents sitting near the front, sometimes a father of a defendant or a wife, and at most one or two reporters.

Some of the 19 defendants have acknowledged seeking counseling for the stress and anxiety of the charge, and most lost their jobs as a result. When asked, most told the judge they'd had a few drinks the night before their guilty plea to calm their nerves.

After Matthew Tedesco, the 42-year-old sales rep who was the first to plead guilty, was video-recorded by reporters as he walked out of the courthouse after the first plea, subsequent defendants have figured out how to leave through a back door onto a loading dock, where they have slipped out after visiting with bail officials, leaving any comments to the parade of lawyers, some prominent, who have taken on these cases.



AMY S. ROSENBERG

Matthew Tedesco, 42, of Linwood, leaves the federal courthouse in Camden after pleading guilty in a \$28 million prescription drug kickback scheme involving Shore firefighters, police officers, teachers, and a state trooper.

The 19 people pleading guilty since last Aug. 17 were charged with receiving a total of \$18.5 million in criminal proceeds paid to them, the government said, ranging from Tedesco's \$11,166,844.20 to Tara Lamonaca's \$89,855.13.

The amount of restitution they have agreed to repay — amounts that reflect the total cost of the fraud they were involved in, beyond the money they personally received — ranges from Tedesco's \$28,773,906.97 to Galloway drug rep Andrew Gerstel's \$483,946.74.

Although one defendant, Margate Firefighter Michael Sher, was described as giving an "envelope of cash" to a doctor, the precise amounts of the restitution and forfeiture amounts suggest payments that were made via checks or other noncash means, traceable by government investigators.

In all, prosecutors say, the out-of-town compounding pharmacy, still unidentified in public proceedings, mailed \$50 million in prescriptions to people in New Jersey, all billable to taxpayer-funded state and public school health plans.

In Margate, where City Hall complied with FBI subpoenas asking for information on ballooning health-care and prescription costs, rumors since last spring had officials and residents fearing that their fire department and even their schools would be decimated by the probe, their neighbors rounded up.

But so far, only one Margate firefighter, Sher, 40, has pleaded guilty. Retired Atlantic City Firefighter Michael Pepper also admitted his guilt. Two teachers, Richard "Erich" McAllister, 43, of Pleasantville, and Shawn Sypherd, 46, of Middle Township, and Michael Pilate, 39, a Pleasantville guidance counselor, are the other public employees who have pleaded guilty. All face forfeitures and criminal restitution and are awaiting sentencing, where, like the others, they face up to 10 years in prison and a fine of up to \$250,000.

"I would have thought a year ago, it would be moving quicker than it has been," said Margate Mayor Michael Becker. "Someday we'll be able to make sense of it, but that day is not today."

Sentencings first scheduled for March have been pushed back to July and could be further delayed, as federal prosecutors close in on additional targets.

Sources say the prosecution by guilty plea could expand as federal prosecutors aim for the top of the scheme in particular one alleged conspirator who may have had an even bigger role than Tedesco, who has thus far been identified as the ringleader and is awaiting sentencing.

That conspirator has resisted pleading guilty and could end up being arrested, people familiar with the investigation said.

"If there is a pyramid, I would be comfortable saying he sits atop it," said one source with knowledge of the compounding scheme, speaking of the still-uncharged sales rep who, two sources said, had an "intertwined relationship" with Kauffman.

Kauffman conspired with members of the Pagan motorcycle gang to have his wife killed to keep her from exposing another drug scheme, this one involving opioids and the Pagans, authorities have said.

Tedesco's attorney, Michael Elliot, is a Dallas-based defense lawyer who previously prosecuted health-care fraud for the federal government. He said the investigation may play out to show his client was not the ringleader he was portrayed to be.

"I think it will develop over time," Elliot said, "and it will show what was originally reported wasn't the whole story."

Tedesco is working hard to repay the \$11 million of criminal proceeds he is required to forfeit to the government, and the \$28.7 million in restitution he owes, Elliot said.

"Obviously Mr. Tedesco has accepted responsibility," Elliot said. "He's spent time to repay the money. He's working to repay. He's doing everything he can to earn a living. Given the position that he's in, he's in a tough spot."

Spokes in the Wheel

It may all have started in Texas, with a \$100 million scheme that took advantage of Tricare, the health insurance for the U.S. military, with kickbacks given to "marketers," sometimes funneled through straw charities. The money seemed plentiful. Word got around.

In New Jersey, it was firefighters, teachers, and municipal workers who had the plans with the generous order prescription benefits.

Once the ringleaders brought the plan to New Jersey, they linked up with doctors willing to sign the prescriptions and with pharmaceutical representatives who knew how the process worked and could make the creams. Then the recruitment process began to bring in the outer ring of firefighters, teachers, municipal workers.

"They would call it the Wheel," said one source with knowledge of how the scheme worked. "In every wheel, there are various spokes."

The scheme's orchestrators found neighbors, friends, colleagues willing — for a kickback — to provide the insurance information to obtain medically unnecessary prescriptions for creams and vitamins mixed together by compounding pharmacies. Prescription costs in towns like Margate quadrupled during the time prosecutors have focused on: January 2015 to April 2016.

"It gets out of control," said one source. "Now I'm getting the compound cream for pain. It's \$10K a tube. Now you're coming to me, saying, 'What about your libido, let's do that.' Next thing you know, you're getting \$300 worth of creams every month."

"Now here comes the FBI," the source said. "It was something that started with the Tricare. Everybody figured it out, we can do this."

Even "Skinny Joey" Merlino got involved, according to federal prosecutors, who charged him with leading a Mafia attempt to muscle into health-care fraud with a similar racket involving prescriptions for [topical pain cream](#). Those charges were dropped, and last month Merlino pleaded [guilty to one count of gambling](#).

The Shore-area first responders and teachers and the suburban South Jersey drug reps may not have viewed what they were doing as akin to a mob racket, but the charges of conspiring to defraud the health-care system amount to a vast criminal syndicate.

"At the end of the day, what you've got is this thing that's out there, and people are starting to make big money," said one source. "They think, 'It's a grey area, everybody's doing it. I've got to get a piece of this.'"

On financial disclosure forms associated with the plea agreements, Kugler, the judge, said he has not seen anything near the amounts the defendants are accused of receiving for their roles in the conspiracy.

"I'm putting everyone on notice," Kugler said at the hearing for Sher, the Margate firefighter. "I expect to learn how they received it, what they did with it, and where it is now."

Of the 19 who have pleaded guilty so far, only Sher said he would dispute the amount the government says was paid: \$1.7 million for his role in more than \$7 million in fraudulent prescriptions. His attorney, William Hughes Jr., said that "if done correctly," recruiting people for a commission would not be illegal. And he said that Sher "didn't personally pocket \$1.7 million."

But the precise numbers obtained by the government, down to the penny, show that the profits associated with the conspiratorial spokes were well accounted for, multiple kickbacks and fees paid out in checks.

Attorney James Leonard, who represented drug salesman Thomas Hodnett, 41, of Voorhees, the fourth to plead guilty, described it this way: Anyone, he said, "could see this was fraud."

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Ventnor firefighter latest to plead in health care fraud case

Updated: 18 hours ago



A Ventnor firefighter has admitted to being an owner of the company that reaped a percentage of the multimillion-dollar health benefits fraud scheme.

Corey Sutor, 37, was in federal court Wednesday to accept a plea deal in the case, the U.S. Attorney's Office confirmed to BreakingAC.

"Company 1" caused the state to pay more than \$2 million in fraudulent claims. Sutor made \$150,397.79, according to the information in his plea.

Sutor would recruit state employees for their insurance information to use to make claims for expensive compounding medications that were not necessary. These "patients" would never see a doctor.

Sutor is the 23rd to take a plea deal.

[Dr. John Gaffney, 55, of Linwood: Margate doctor must forfeit \\$25,000. Cost: \\$24.9 million](#)

[Michael Sher, 40, of Northfield: Margate firefighter must forfeit \\$1.7 million. Cost: tbd at sentencing](#)

[Mike Pepper, 45, of Northfield: Atlantic City firefighter must forfeit \\$113,627.54. Cost: \\$719,000](#)

[Richard Erick McAllister, 42, of Ocean City: Pleasantville High School English teacher must forfeit \\$456,806.23. Cost: \\$3.4 million](#)

[Shawn Sypherd, 46, of Marmora: Middle Township Middle School social studies teacher must forfeit \\$354,264.06. Cost: \\$2.4 million](#)



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William Hunter, 43, of Sewell: Salesman must forfeit \$245,020.08. Cost: \$1.3 million

Michael Neopolitan, 49, of Willow Grove, Pa.: Pharmaceutical representative must forfeit \$198,617.14. Cost: \$762,519

Judd Holt, 42, of Marlton: Pharmaceutical representative must forfeit \$95,574.49. Cost: \$769,762

George Gavras, 36, of Moorestown: Pharmaceutical representative must forfeit \$204,002.02. Cost: \$679,368.53

Steven Urbanski, 37, of Marlton: Pharmaceutical representative must forfeit \$113,600. Cost: \$250,000

Thomas Hodnett, 41, of Voorhees: Pharmaceutical representative must forfeit \$270,000. Cost: \$1.5 million

Robert Bessey, 43, of Philadelphia: Pharmaceutical representative must forfeit \$485,540.09. Cost: \$2.7 million

Richard Zappala, 45, of Northfield: Pharmaceutical representative must forfeit \$1.5 million. Cost: \$4.3 million

Andrew Gerstel, 39, of Galloway Township: Pharmaceutical representative must forfeit \$184,389.05. Cost: \$483,946

Timothy Frazier, 42, of Galloway Township: Commercial construction estimator must forfeit \$145,425. Cost: \$801,119

Robert Madonna, 36, of Florida: Former Margate mortgage consultant must forfeit \$179,370. Cost: \$2.1 million.

Kristie Abbott Masucci, 36, of Cedar Run: Pharmaceutical representative must forfeit amount to be determined at sentencing. Cost: \$1.88 million.

James Wildman, 44, of Marmora: Ocean City schools maintenance worker, must forfeit \$657,040. Cost: \$4.9 million.

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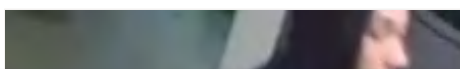
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7 New Jersey Residents Charged in State Benefits Drug Prescription Scheme

"I'm angry. I'm disappointed that this happened"

By NBC10 Staff • Published March 15, 2019 • Updated on [March 17, 2019](#) at 8:33 am



NBC10

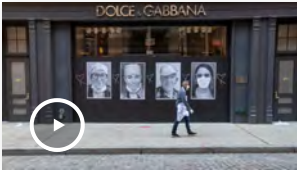
A police officer and three firefighters were among seven people indicted this week in an alleged \$50 million prescription drug scheme involving public employees, the latest charges in an investigation that has already produced nearly two dozen guilty pleas.

A 50-count indictment unsealed Friday by the U.S. attorney's office in Camden, New Jersey, charged the seven people with health care fraud, wire fraud and conspiracy. Twenty-three people already have pleaded guilty in connection with the investigation, according to the U.S. attorney's office.

"It's a sad day in Margate," Mayor Michael Becker said. "I'm angry. I'm disappointed that this happened."

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Named in the indictment were William Hickman, a pharmaceutical sales representative; his wife, Sara Hickman, the founder of a medical supply company; Ventnor police officer Thomas Schallus; brothers John Sher and Thomas Sher, both Margate firefighters; Camden firefighter Christopher Broccoli; and business owner Brian Pugh.

In addition to the conspiracy and fraud charges, which carry maximum penalties of between 10 and 20 years per count, the Hickmans and Pugh were charged with money laundering and money laundering conspiracy.

Michael Sher, brother of John and Thomas Sher and a former firefighter in Margate, was listed in the indictment as a co-conspirator. He pleaded guilty last year.

"The U.S. Attorney's office is smearing Brian's name," Pugh's lawyer, Mike Baldassare, said. "He's a hard-working local businessman, he's presumed innocent."

Shallus, a 19-year police veteran, was suspended without pay, according to Ventnor Police Chief Douglas Biagi.

"This incident and the indictments will not affect the day-to-day operations of the Ventnor City Police Department or the public safety aspect of it," Biagi said. "We persevere and we move on from situations like this and we'll have to see how it all unfolds in the future."

According to the indictment, the defendants exploited the fact that some state and local government employees had insurance that covered expensive compound medications such as pain, scar, antifungal and libido creams. Reimbursements ran as high as thousands of dollars for a one-month supply.

Sara Hickman's company, Boardwalk Medical, of Northfield, allegedly was paid a percentage of the amount a Louisiana-based compounding pharmacy, not identified in court papers, received from a state benefits administrator for prescriptions received.

Sara Hickman and William Hickman allegedly paid others, including Pugh, to recruit public-sector employees who would obtain the expensive prescriptions they didn't need, and without seeing a doctor.

John Gaffney, a doctor based in Margate, pleaded guilty in 2017 to health care fraud for signing bogus prescriptions for patients he never saw. He faces up to 10 years in prison and is scheduled to be sentenced in July.

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7 People From New Jersey Charged For Allegedly Defrauding State Health Programs Out Of \$50 Million

By [Cleve Bryan](#)

March 15, 2019 at 7:23 pm

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CAMDEN, N.J. (CBS) — On Friday, federal prosecutors charged seven people from New Jersey for allegedly defrauding state programs and insurers out of \$50 million. The alleged scheme involved taking advantage of public health programs.

Of the seven people in court Friday, one is a police officer and three are firefighters. One by one, they turned themselves in Friday morning, before heading off for arraignments in federal court.

Shore Area Pharmaceutical representative William Hickman and his wife, Sara, are accused of receiving large kick backs in a

prescription drug scheme that tried to rip off public employee health plans.

According to a federal indictment, they enlisted Atlantic City businessman Brian Pugh, Ventnor police officer Thomas Schallus, Margate firefighters John and Thomas Sher and Camden firefighter Christopher Broccoli to help recruit public employees whose state health plans cover expensive compound prescription drugs mean for public employees with allergies and other medical complications.

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Authorities say an unnamed pharmaceutical company filled the scripts, which were medically unnecessary, receiving thousands of dollars per script. They then paid the Hickmans, who greased the others' palms in total ripping of state and private insurers for about \$50 million.

"It wasn't a scam to rip off drug companies, it was merely an agreement to do what we believe was perfectly within the law," Jerry Ballarotto, attorney for firefighter John Sher, said.

Attorneys for the Sher brothers, who are firefighters in Margate, say not everyone charged Friday knew the prescriptions were illegitimate.

These new health care and wire fraud charges are part of a larger prescription fraud investigation that's already resulted in almost two dozen guilty pleas, including a doctor who admitted falsifying scripts.

"This case will come down to the evidence of who knew whether or not doctors were getting paid or not to write the prescriptions," Joe Grimes, attorney for firefighter Thomas Sher, said.

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But as the cases move toward trial, there are those who will chalk this up to abuse by public employees of New Jersey's platinum health plans; and in this case, a police officer and three firefighters sworn to serve and protect.

"What it's done to him personally and his profession, is that Monday morning he's going to get suspended, he's out of a job. He's been there for decades," Ballarotto said of John Sher.

All seven defendants entered not guilty pleas and were granted bond at \$100,000.



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Cop, Firefighters Among 9 Charged In 2 Big NJ Drug-Related Busts

Two big drug-related busts were announced in NJ – one of which nabbed a cop and firefighters. One allegedly involved an elaborate scam.

By Tom Davis, Patch Staff (https://patch.com/users/tom-davis) ✓
Mar 15, 2019 12:08 pm ET | Updated Mar 15, 2019 12:59 pm ET

(https://patch.com/new-jersey/oceancity/amp/27970375/cop-firefighters-among-9-charged-in-2-big-nj-drug-related-busts)

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Two big drug-related busts were announced in NJ – one of which nabbed a cop and firefighters. (Shutterstock photo)

Two big drug-related busts were announced in New Jersey on Friday – one of which nabbed a cop and several firefighters, according to authorities. ➤

(https://

Seven people with charged with defrauding New Jersey state health benefits programs and other insurers out of more than \$50 million by submitting fraudulent claims for medically unnecessary prescriptions, US Attorney Craig Carpenito announced Friday.

They include Thomas Schallus, whom state public salary records identify as a Ventnor police officer. John and Thomas Sher are Margate firefighters, according to nj.com (<https://www.nj.com/atlantic/2019/03/nj-cop-firefighters-business-owners-charged-with-50m-prescription-drug-scam-involving-public-workers.html>), and Broccoli is a Camden firefighter.

In a separate bust, the New Jersey State Police announced Friday that they arrested Jorge L. Correa, 38, of Linden and Gustavo Barco, 39, of Roselle. and seized, heroin, cocaine, marijuana, and more than \$60,000 cash.

The prescripton drug bust involved the indictment of William Hickman, 42, Sara Hickman, 42, Schallus, 42 and Thomas Sher, 46, all of Northfield; Brian Pugh, 41, of Absecon; John Sher, 37, of Margate and Broccoli, 47, of West Deptford.

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They were all charged with conspiracy to commit health care fraud and wire fraud and with individual acts of health care fraud and wire fraud. William and Sara Hickman and Brian Pugh also were charged with conspiracy to commit money laundering and individual acts of money laundering, according to a release from Carpenito's office.

The defendants were expected to appear Friday afternoon before US Magistrate Judge Ann Marie Donio in Camden federal court. The case is assigned to US District Judge Robert B. Kugler in Camden.

According to the indictment:

From July 2014 through April 2016, the conspirators recruited individuals in New Jersey to obtain "very expensive and medically unnecessary" medications from a Louisiana pharmacy, identified in the indictment as the "Compounding Pharmacy," according to the release.

The conspirators learned that certain compound medication prescriptions – including pain, scar, antifungal and libido creams, as well as vitamin combinations – were reimbursed for thousands of dollars for a one-month supply, according to the release.

The conspirators also learned that some New Jersey state and local government and education employees, including teachers, firefighters, municipal police officers and state troopers, had insurance coverage for these particular compound medications, as did some other insurance plans, according to the release.

An entity referred to in the indictment as the "Pharmacy Benefits Administrator" provided pharmacy benefit management services for the State Health Benefits Program, which covers qualified state and local government employees, retirees, and eligible dependents, according to the release.

They also provided services to the School Employees' Health Benefits Program, which covers qualified local education employees, retirees, and eligible dependents. The Pharmacy Benefits Administrator would pay prescription drug claims and then bill the state of New Jersey for the amounts paid, according to the release.

The conspirators recruited public employees covered by the "Pharmacy Benefits Administrator" to fraudulently obtain medications without any evaluation or determination by a medical professional that the medications were medically necessary, according to the release.

The defendants paid individuals to agree to receive prescription medications. The defendants completed prescriptions for these individuals and selected the most expensive medications with the highest number of refills to obtain the highest possible insurance reimbursement, according to the release.

The conspirators would have prescriptions signed by a doctor who did not examine the patients, according to the release.

The State Police bust culminated a two-week investigation that determined that Correa and Barco were selling significant quantities of cocaine and heroin in the Roselle and Linden area, police said.

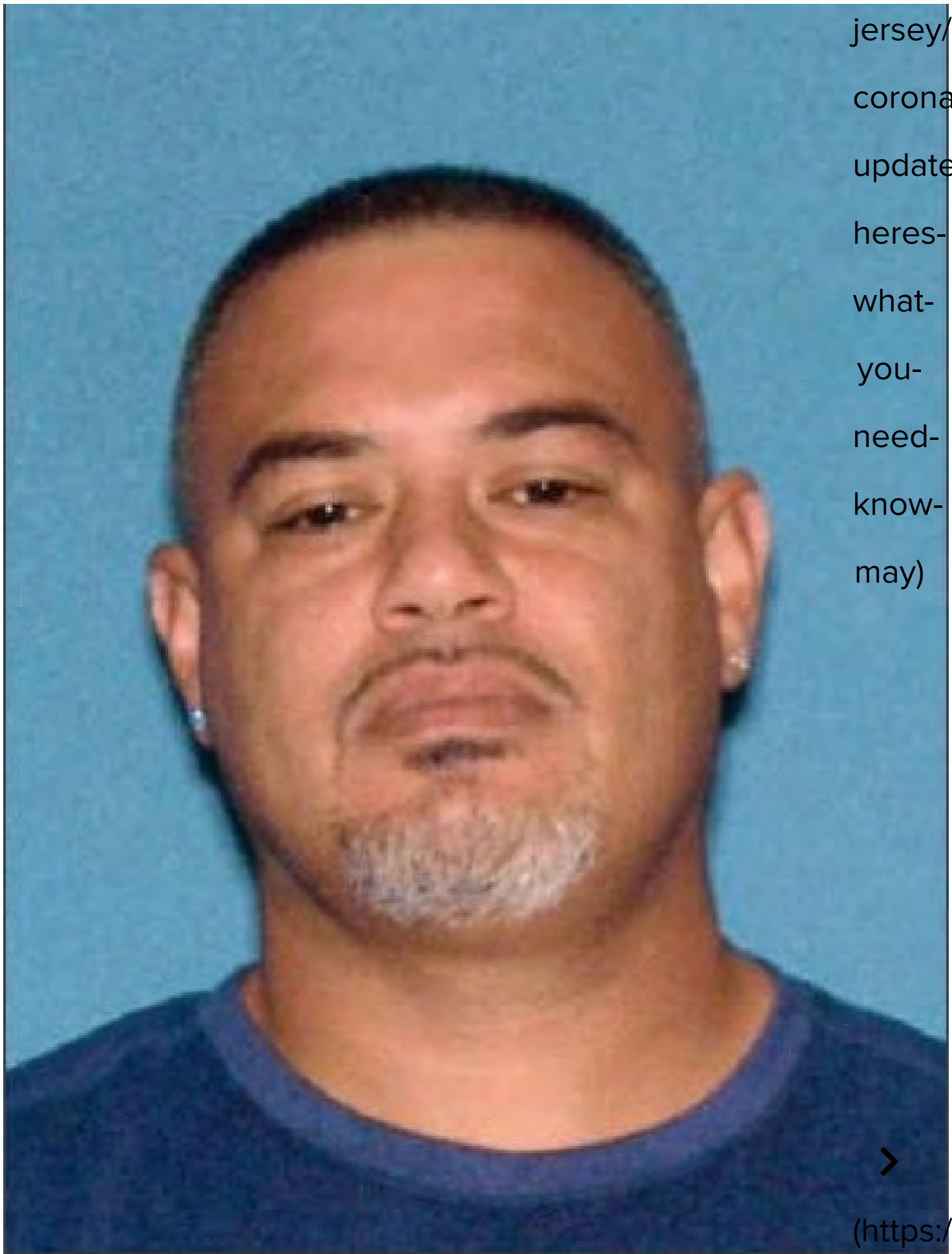
On Tuesday, March 12, detectives from the New Jersey State Police Crime Suppression North Unit, T.E.A.M.S. Unit, Gangs and Organized Crime North Unit, Trafficking North Unit, and K-9 Unit, arrested Correa and Barco at their residences without incident, police said.

As a result of the investigation detectives seized 823 grams of cocaine, 151 grams of heroin, 3 grams of THC oil, \$60,871 cash, and a 2013 Nissan Altima. The drugs carry a value of \$44,300, police said.

Correa was charged with possession with intent to distribute CDS, possession with intent to distribute within 1,000 feet of a school zone, possession with intent to distribute within 500 feet of a park, and conspiracy to distribute CDS, police said.



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Jorge L. Correa, 38, of Linden (State Police photo)

Barco was charged with possession with intent to distribute CDS, possession of CDS near a school zone, and conspiracy to distribute CDS.

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Gustavo Barco, 39, of Roselle (State Police photo)

Correa and Barco were lodged at the Union County Jail pending a detention hearing. This case is being prosecuted by the Union County Prosecutor's Office, police said

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Firefighters, cop, pizzeria owner among 7 arrested in Jersey Shore drug fraud ring with ties to James Kauffman

by Amy S. Rosenberg, Updated: March 15, 2019



COLT SHAW / THE PRESS OF ATLANTIC CITY VIA AP



Seven people, including three firefighters, a police officer, and an owner of Tony's Baltimore Grill in Atlantic City, were arrested Friday and charged in a \$50 million prescription-drug health-benefits scheme that has already snagged dozens of public employees and pharmaceutical representatives at the New Jersey Shore.

The arrests followed the unsealing of a 50-count federal indictment charging William Hickman, 42, of Northfield; his wife, Sara, 42; Ventnor Police Officer Thomas Schallus, 42; brothers and Margate Firefighter John, 37, and Thomas Sher, 46; Camden Firefighter Christopher Broccoli, 47, of West Deptford; and Brian Pugh, 41, of Absecon, identified in the indictment as a businessman.

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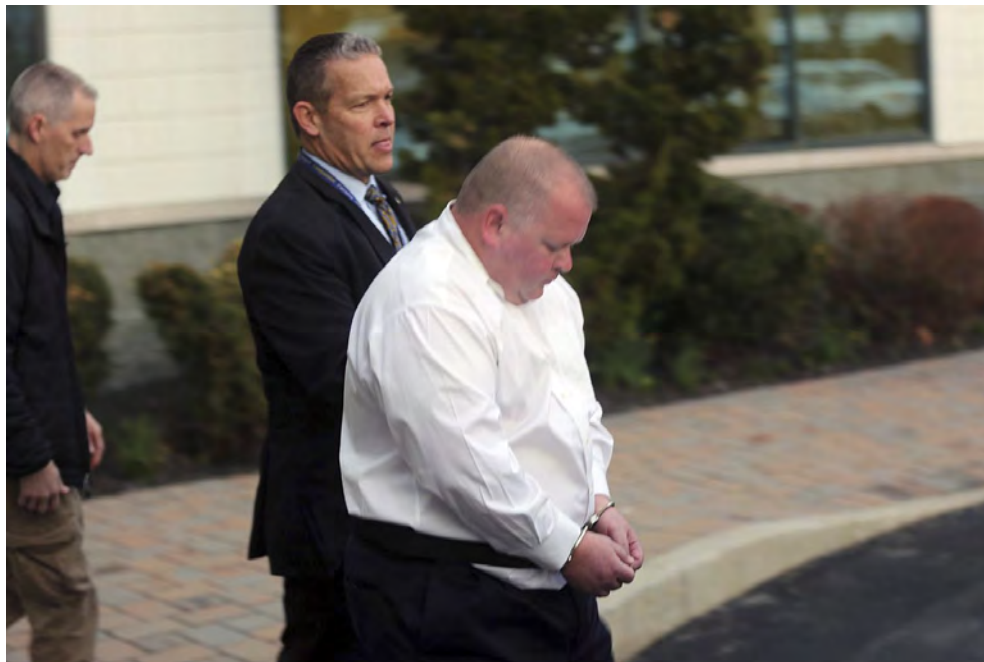
All were charged with conspiracy to commit health-care fraud and wire fraud, and with individual acts of health-care fraud and wire fraud, according to the U.S. Attorney's Office. Pugh and the Hickmans were additionally charged with conspiracy to commit money laundering.

Pugh is co-owner of the popular Atlantic City pizzeria, which he purchased with his father, a longtime employee, in 2017. John and Thomas Sher have a brother, Michael, who also is a Margate firefighter. Michael Sher has already pleaded guilty in the case. A fourth Sher brother is a potential witness in the case, said Assistant U.S. Attorney David Walk.



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Hickman, a pharmaceutical representative, was named in a search warrant executed in June 2017 at the c of James Kauffman, an endocrinologist who later killed himself while in prison awaiting trial in the murder of his wife, April.



AP

William Hickman, right, who worked as a pharmaceutical representative and ran the company Boardwalk Medical LLC, is escorted from the FBI office in Linwood, N.J., Friday, March 15, 2019. Authorities say a police officer and three firefighters are among seven people recently charged in a \$50 million prescription drug scheme that has already produced nearly two dozen guilty (Colt Shaw/The Press of Atlantic City via AP)

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The search warrant, obtained by The Inquirer, identifies Hickman as a ringleader in the prescription drug scheme. The warrant alleges that Hickman is alleged to have used a shell company, Boardwalk Medical LI to solicit the services of Kauffman and other doctors for fraudulent prescriptions for expensive creams, vitamins, and libido medication, and scar ointments.

All seven defendants pleaded not guilty Friday afternoon in front of U.S. Magistrate Judge Ann Marie Dor Camden and were expected to be released on \$100,000 bail. A status hearing was set for Thursday.



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Donio ordered no contact among the Sher brothers, even at their children's games, unless one of the parents, the accused, Anne Marie or Dennis Sher, were present.

"We go to every game," their mother assured the judge Friday, from the second row as her son John stood somberly, shackled around the waist like the others. "We have 26 grandchildren."

"It's a sad day for Margate," said Mayor Mike Becker.

All three firefighters and the Ventnor officer will be suspended pending the outcome of the case. The judge also ordered the defendants not to travel outside New Jersey, disrupting planned vacations by the Hickman family to Clearwater, Fla., and Puerto Rico, over their attorneys' objections.



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The bail for the Hickmans was required to be secured, and Walk, the assistant U.S. attorney, told the judge Hickmans had failed to disclose assets totaling \$1.4 million.



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6 people led out of the FBI's office in Northfield after surrendering this morning. Indictments in wide reaching prescription fraud investigation involving public employees expected to be unsealed today. @NBCPhiladelphia



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The probe into the conspiracy also previously snagged an Atlantic City firefighter, a Ventnor firefighter, two doctors, four school employees including two teachers, and 13 pharmaceutical representatives. All have pleaded guilty, but have had their sentencings repeatedly delayed.

Six of those who previously pleaded guilty, including Matthew Tedesco, previously described as being a ringleader, were named in Friday's indictment as unindicted co-conspirators.



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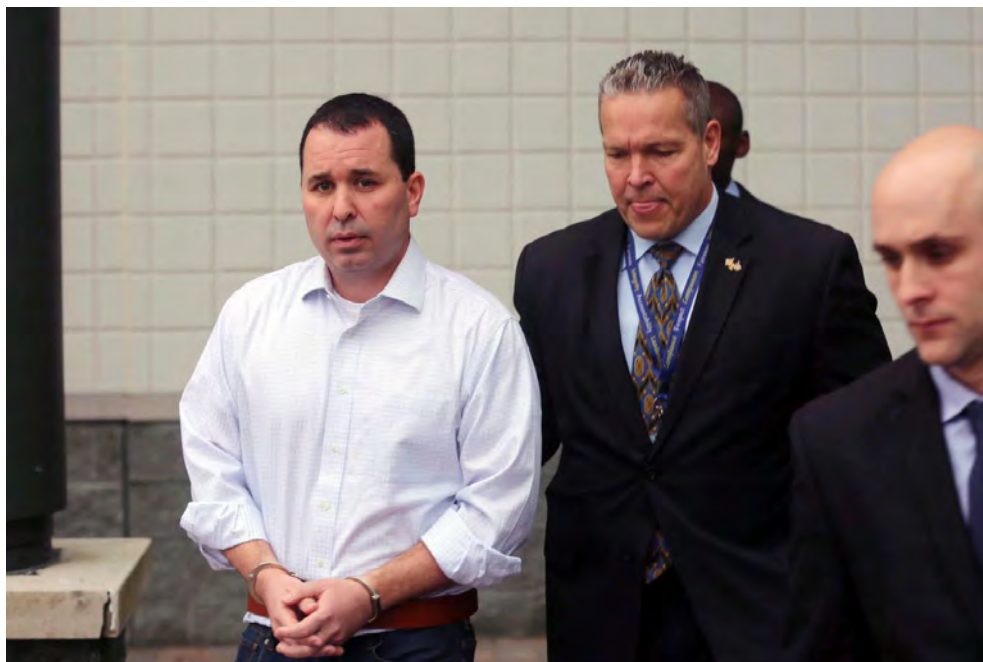
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The scheme outlined in the search warrant is alleged to have happened from July 2014 to April 2016 and v run with the aid of a now-closed pharmacy in Hammond, La., called Central Rexall Drugs.



COLT SHAW / AP

Thomas Sher, left, a firefighter with the Margate, N.J., City Fire Department is escorted from the FBI office in Linwood, N.J., Friday, March 15, 2019. Authorities say a police officer and three firefighters are among seven people recently charged in a \$50 million prescription drug scheme that has already produced nearly two dozen guilty pleas. (Colt Shaw/The Press of Atlantic (AP))



AP

Brian Pugh, left, co-owner of Tony's Baltimore Grill in Atlantic City, N.J., is escorted from the FBI office in Linwood, N.J., Friday, March 15, 2019. Authorities say a police officer and three firefighters are among seven people recently charged in a \$50 million prescription drug scheme that has already produced nearly two dozen guilty pleas. (Colt Shaw/The Press of Atlantic City via AP)

Ventnor Police Chief Doug Biagi said Schallus was an interim sergeant with 19 years on the force and pay \$123,700 a year.

“He has been suspended without pay,” Biagi said and declined to comment further.

Michael Baldassare, attorney for Pugh, said the U.S. attorney’s actions Friday smeared his client.

“He is a well-respected local businessman, and he is presumed innocent,” Baldassare said in a statement. “After a two-year, multimillion-dollar failure to find any evidence against the big corporate players, the prosecutors are trying to bully police officers, teachers, and hard-working local business people.”

Attorneys Jerome Ballarotto and Joseph Grimes, representing John and Thomas Sher, said their clients v unaware that doctors were getting paid to write the prescriptions they had a role in procuring. They said t had merely been acting as referrers for pharmaceutical representatives to legitimately get fees.

“The government has turned this into some giant conspiracy,” Ballarotto said.

“The evidence will come down to who knew whether or not doctors were getting paid or not to write prescriptions,” said Grimes.

Shore towns have been aware for at least two years that many of their public employees had been involve some way with the scheme, and the towns complied with demands for health insurance records.

Hickman’s attorney, Samuel Moulthrop, said in a statement that Hickman “is innocent, and we are eager t contest these charges.”

Moulthrop said in court that Hickman had been in repeated contact with the U.S. Attorney’s Office during last two years as others in the scheme pleaded guilty.

Atlantic County Prosecutor Damon Tyner has said he expects to charge lower-level employees once the federal investigation has been completed.

The indictment describes a now-familiar scheme in which compounding pharmacies were able to charge recurring monthly rates billed to the state health-benefits programs of public employees.

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The health-care fraud and wire-fraud conspiracy counts carry a maximum penalty of 20 years in prison a \$250,000 fine, or twice the value of the property involved in the transaction.

Staff writer Julie Shaw contributed to this article.

Posted: March 15, 2019 - 11:50 AM



Amy S. Rosenberg | @amysrosenberg | arosenberg@inquirer.com

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More charges in \$50M NJ state benefits prescription drug probe

MARCH 15, 2019 - 3:58 PM

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Named in the indictment were William Hickman, a pharmaceutical sales representative; his wife, Sara Hickman, the founder of a medical supply company; Ventnor police officer Thomas Schallus; brothers John Sher and Thomas Sher, both Margate firefighters; Camden firefighter Christopher Broccoli; and business owner Brian Pugh.

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According to the indictment, the defendants exploited the fact that some state and local government employees had insurance that covered expensive compound medications such as pain, scar, antifungal and libido creams. Reimbursements ran as high as thousands of dollars for a one-month supply.

A Louisiana-based compounding pharmacy, not identified in court papers, received more than \$50 million in reimbursements from the state's pharmacy benefits administrator in 2015 and 2016, according to the indictment. Sara Hickman's company, Boardwalk Medical, of Northfield, New Jersey, allegedly received a percentage of that amount from the pharmacy.

Sara and William Hickman used the money for themselves and allegedly paid



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...nada for signing bogus prescriptions for patients he never saw. He faces up to 10 years in prison and is scheduled to be sentenced in July.

In addition to the conspiracy and fraud charges, which carry maximum penalties of between 10 and 20 years per count, the Hickmans and Pugh were charged with money laundering and money laundering conspiracy.

Michael Sher, brother of John and Thomas Sher and a former firefighter in Margate, was listed in the indictment as a co-conspirator. He pleaded guilty last year.

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More charges in \$50M state benefits prescription drug probe

Authorities say a police officer and three firefighters are among seven people recently charged in a \$50 million prescription drug scheme that has already produced nearly two dozen guilty pleas

By DAVID PORTER Associated Press

March 15, 2019, 3:58 PM • 3 min read



A police officer and three firefighters were among seven people indicted this week in an alleged \$50 million prescription drug scheme involving public employees, the latest charges in an investigation that has already produced nearly two dozen guilty pleas.

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A Louisiana-based compounding pharmacy, not identified in court papers, received more than \$50 million in reimbursements from the state's pharmacy benefits administrator in 2015 and 2016, according to the indictment. Sara Hickman's company, Boardwalk Medical, of

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Northfield, New Jersey, allegedly received a percentage of that amount from the pharmacy.

Sara and William Hickman used the money for themselves and allegedly paid others, including Pugh, to recruit public-sector employees who were paid to get the prescriptions, which they didn't need and hadn't been prescribed by a doctor.

John Gaffney, a doctor based in Margate, pleaded guilty in 2017 to health care fraud for signing bogus prescriptions for patients he never saw. He faces up to 10 years in prison and is scheduled to be sentenced in July.

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More charges in \$50M state benefits prescription drug probe

David Porter, Associated Press Mar 15, 2019, 1:57 PM



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Sara Hickman's company, Boardwalk Medical, of Northfield, allegedly was paid a percentage of the amount a Louisiana-based compounding pharmacy, not identified in court papers, received from a state benefits

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prescriptions they didn't need, and without seeing a doctor.

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More Charges in \$50M State Benefits Prescription Drug Probe

Authorities say a police officer and three firefighters are among seven people recently charged in a \$50 million prescription drug scheme that has already produced nearly two dozen guilty pleas.

March 15, 2019

BY DAVID PORTER, Associated Press

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More charges in \$50M state benefits prescription drug probe



The Associated Press
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Atlantic

N.J. cop, firefighters, business owners charged with \$50M prescription drug scam involving public workers

Updated Mar 15, 2019; Posted Mar 15, 2019

By [Amanda Hoover](#) | [NJ Advance Media For NJ.com](#)

Federal authorities charged seven New Jersey residents including a cop and multiple firefighters Friday and accused them of key roles in a [vast \\$50 million prescription fraud scheme](#) that enlisted government and school employees to seek unnecessary speciality medications for ailments including pain, scarring, fungal and libido problems.

More than a dozen people have previously been charged in the expanding probe of prescriptions for compounded medications, which are individually made for patients a much higher costs. The latest roundup on Friday by FBI targeted the alleged ringleaders and those who helped recruit government and school workers into the scam, authorities said.

The 50-count indictment unsealed shortly after the arrests names:

- William Hickman, 42, of Northfield
- Sara Hickman, 42, of Northfield

- Sara Hickman, 42, of Northfield
- Thomas Schallus, 42, of Northfield
- Thomas Sher, 46, all of Northfield
- Brian Pugh, 41, of Absecon
- John Sher, 37, of Margate City
- Christopher Broccoli, 47, of West Deptford

They all face charges of conspiracy to commit health care fraud and wire fraud and with individual acts of health care fraud and wire fraud, according to the U.S. Attorney's Office.

William Hickman and Sara Hickman ran Atlantic County-based Boardwalk Medical, which they used to funnel the prescriptions to a compounding pharmacy in Louisiana, authorities said.

"The Hickmans then had Pugh and other conspirators recruit individuals who had coverage for compounded medications, and those conspirators found additional recruiters, including Thomas Schallus, John Sher, Thomas Sher, and Christopher Broccoli," the U.S. Attorney's Office said in a statement.

Schallus is a Ventnor police officer, John and Thomas Sher are Margate firefighters and Broccoli is a Camden firefighter, according to public records. The seven are expected to appear in U.S. District Court in Camden Friday afternoon

The scam, which ran from July 2014 and April 2016, led to millions in kickbacks, authorities said.

"After the prescriptions were filled, the Compounding Pharmacy paid Boardwalk Medical a percentage of each prescription filled and paid by the Pharmacy Benefits Administrator," the U.S. Attorney's Office said. "The Pharmacy Benefits Administrator paid Compounding Pharmacy over \$50 million for compounded medications, and the Compounding Pharmacy paid William Hickman and Sara Hickman over \$26 million

for prescriptions obtained by the conspiracy. The Hickmans paid a portion of that amount to Pugh, Schallus, John Sher, Thomas Sher, Christopher Broccoli, and other conspirators.”

More than a dozen people previously have been charged in the scam and some have already pleaded guilty.

The Hickmans and Pugh face additional charges of conspiracy to commit money laundering and individual acts of money laundering, authorities said.



Ted Greenberg ✓
@tedgreenbergNBC



6 people led out of the FBI's office in Northfield after surrendering this morning. Indictments in wide reaching prescription fraud investigation involving public employees expected to be unsealed today. @NBCPhiladelphia





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Compounded medications are made by pharmacists to meet the specific needs of individual patients. While lacking approval from the Food and Drug Administration, the medications still require

prescription from a physician, and are often used when a patient cannot take FDA-approved medications. This can happen when someone is allergic to a specific ingredient.

The drugs made in Louisiana were eligible for thousands of dollars in reimbursements for a one-month supply, authorities said. Those involved in the alleged scheme learned that some in New Jersey, including local government employees, educators, firefighters, police officers and New Jersey State Police troopers had insurance that covered these speciality medications, as did some other insurance plans.

Dr. John Gaffney, who did not see the patients, signed the prescriptions, authorities said. They were faxed to the pharmacy, which filled the prescriptions and billed the Pharmacy Benefits Administrator, authorities said.

Gaffney was paid for signing the fraudulent prescriptions, and previously pleaded guilty to conspiracy to commit health care fraud.

Attorneys for the Hickmans said they would fight the charges.

“Mr. Hickman is innocent and we are eager to contest these charges in a court of law,” Samuel Moulthrop and Ryan Magee said in an emailed

“Mrs. Hickman denies the charges against her,” attorneys Lee Vartan and Jenny Chung said in a separate emailed statement. “She had no substantive role in anything alleged by the government, and will be fully vindicated in court.”

The charges of health care fraud and wire conspiracy carry a maximum penalty of 20 years in prison as well as a \$250,000 fine.

This story has been updated to include comment from the Hickmans’ attorneys.

Amanda Hoover can be reached at ahoover@njadvancemedia.com.
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HEALTH CARE

Federal grand jury issues 50-count indictment in \$50M N.J. health fraud case



A Camden federal grand jury returned a 50-count indictment Friday that charges seven people with defrauding New Jersey state health benefits programs and other health insurers.

SEAN GLADWELL



By John George
Senior Reporter, Philadelphia Business Journal
Mar 15, 2019, 1:02pm EDT

A federal grand jury in Camden on Friday returned a 50-count indictment that charges seven people with defrauding New Jersey state health benefits programs and other insurers out of more than \$50 million.

The indictment alleges the defendants by submitting fraudulent claims for medically unnecessary prescriptions, according to U.S. Attorney Craig Carpenito for the District of New Jersey.

William Hickman, 42, Sara Hickman, 42, Thomas Schallus, 42, Thomas Sher, 46, all of Northfield; Brian Pugh, 41, of Absecon; John Sher, 37, of Margate City; and Christopher Broccoli, 47, of West Deptford were charged with conspiracy to commit health care fraud and wire fraud and with individual acts of health care fraud and wire fraud. William and Sara Hickman and Brian Pugh also were charged with conspiracy to commit money laundering and individual acts of money laundering.

According to the indictment, the alleged conspirators recruited individuals in New Jersey to obtain expensive and medically unnecessary compounded medications from a Louisiana pharmacy from July 2014 through April 2016.

Compounded medications are specialty medications mixed by a pharmacist to meet the specific medical needs of an individual patient. Although compounded drugs are not approved by the Food and Drug Administration, they can be properly prescribed by a physician who determines that an FDA-approved medication does not meet the health needs of a particular patient, such as if a patient is allergic to a dye or other ingredient.

The defendants, the indictment alleges, learned that certain compound medication prescriptions - including pain, scar, anti-fungal, and libido creams, as well as vitamin combinations - were reimbursed for thousands of dollars for a one-month supply. They also learned that some New Jersey state and local government and education employees, including teachers, firefighters, municipal police officers, and state troopers, had insurance coverage for these particular compound medications, as did some other insurance plans.

According to the indictment, the Louisiana compounding pharmacy agreed to pay Boardwalk Medical, a New Jersey company run by [William Hickman](#) and [Sara Hickman](#), a percentage of the amount that the Compounding Pharmacy received for prescriptions obtained by Boardwalk Medical and its associates. The Hickmans, the indictment alleges, then had Pugh and other conspirators recruit individuals who had coverage for compounded medications – and those conspirators found additional recruiters, including [Thomas Schallus](#), [John Sher](#), [Thomas Sher](#), and [Christopher Broccoli](#).

According to the indictment, the Louisiana compounding pharmacy paid [William Hickman](#) and [Sara Hickman](#) more than \$26 million for prescriptions obtained by the alleged conspiracy, and the Hickmans paid a portion of that amount to Pugh, Schallus, John and [Thomas Sher](#), Broccoli, and other conspirators.

Each wire fraud count carries a maximum potential penalty of 20 years in prison and a \$250,000 fine, or twice the gain or loss from the offense. Each health care fraud count carries a maximum penalty of 10 years in prison and a \$250,000 fine, or twice the gross gain or loss from the offense. The money laundering conspiracy charge carries a maximum potential penalty of 10 years in prison and a \$250,000 fine, or twice the value of the property involved in the transaction. Each charge of monetary transactions in criminally derived property worth more than \$10,000 carries a maximum potential penalty of 10 years in prison and a \$250,000 fine, or twice the value of the property involved in the transaction.

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FOR IMMEDIATE RELEASE

Friday, March 15, 2019

Seven People Charged in \$50 Million Health Care Fraud Conspiracy Targeting State Health Benefits Programs

CAMDEN, N.J. – A federal grand jury has returned a 50-count indictment charging seven people with defrauding New Jersey state health benefits programs and other insurers out of more than \$50 million by submitting fraudulent claims for medically unnecessary prescriptions, U.S. Attorney Craig Carpenito announced today.

William Hickman, 42, Sara Hickman, 42, Thomas Schallus, 42, Thomas Sher, 46, all of Northfield, New Jersey, Brian Pugh, 41, of Absecon, New Jersey, John Sher, 37, of Margate City, New Jersey, and Christopher Broccoli, 47, of West Deptford, New Jersey, were all charged with conspiracy to commit health care fraud and wire fraud and with individual acts of health care fraud and wire fraud. William and Sara Hickman and Brian Pugh also were charged with conspiracy to commit money laundering and individual acts of money laundering. The defendants are expected to appear later today before U.S. Magistrate Judge Ann Marie Donio in Camden federal court. The case is assigned to U.S. District Judge Robert B. Kugler in Camden.

According to the indictment:

Compounded medications are specialty medications mixed by a pharmacist to meet the specific medical needs of an individual patient. Although compounded drugs are not approved by the Food and Drug Administration (FDA), they are properly prescribed when a physician determines that an FDA-approved medication does not meet the health needs of a particular patient, such as if a patient is allergic to a dye or other ingredient.

From July 2014 through April 2016, the conspirators recruited individuals in New Jersey to obtain very expensive and medically unnecessary compounded medications from a Louisiana pharmacy, identified in the indictment as the “Compounding Pharmacy.” The conspirators learned that certain compound medication prescriptions – including pain, scar, antifungal, and libido creams, as well as vitamin combinations – were reimbursed for thousands of dollars for a one-month supply.

The conspirators also learned that some New Jersey state and local government and education employees, including teachers, firefighters, municipal police officers, and state troopers, had insurance coverage for these particular compound medications, as did some other insurance plans. An entity referred to in the indictment as the “Pharmacy Benefits Administrator” provided pharmacy benefit management services for the State Health Benefits Program, which covers qualified state and local government employees, retirees, and eligible dependents, and the School Employees’ Health Benefits Program, which covers qualified local education employees, retirees, and eligible dependents. The Pharmacy Benefits Administrator would pay prescription drug claims and then bill the State of New Jersey for the amounts paid.

The Compounding Pharmacy agreed to pay Boardwalk Medical LLC, a company run by William Hickman and Sara Hickman, a percentage of the amount that the Compounding Pharmacy received for prescriptions obtained by Boardwalk Medical and its associates. The Hickmans then had Pugh and other conspirators recruit individuals who had coverage for compounded medications, and those conspirators found additional recruiters, including Thomas Schallus, John Sher, Thomas Sher, and Christopher Broccoli.

The conspirators recruited public employees covered by the Pharmacy Benefits Administrator to fraudulently obtain compounded medications from the Compounding Pharmacy without any evaluation or determination by a medical professional that the medications were medically necessary. The defendants paid individuals to agree to receive prescription medications from the Compounding Pharmacy. The defendants completed prescriptions for these individuals and selected the most expensive medications with the highest number of refills to obtain the highest possible insurance reimbursement. The conspirators would have prescriptions signed by a doctor who did not examine the patients. The prescriptions were faxed to the Compounding Pharmacy, which filled the prescriptions and billed the Pharmacy Benefits Administrator.

William Hickman paid Dr. John Gaffney to reward him for signing prescriptions. Gaffney previously pleaded guilty to conspiracy to commit health care fraud and admitted taking payments and signing prescriptions for patients he did not see.

After the prescriptions were filled, the Compounding Pharmacy paid Boardwalk Medical a percentage of each prescription filled and paid by the Pharmacy Benefits Administrator. The Pharmacy Benefits Administrator paid Compounding Pharmacy over \$50 million for

compounded medications, and the Compounding Pharmacy paid William Hickman and Sara Hickman over \$26 million for prescriptions obtained by the conspiracy. The Hickmans paid a portion of that amount to Pugh, Schallus, John Sher, Thomas Sher, Christopher Broccoli, and other conspirators.

The health care fraud and wire fraud conspiracy count with which all defendants are charged carries a maximum potential penalty of 20 years in prison and a \$250,000 fine, or twice the gain or loss from the offense. Each wire fraud count carries a maximum potential penalty of 20 years in prison and a \$250,000 fine, or twice the gain or loss from the offense. Each health care fraud count carries a maximum penalty of 10 years in prison and a \$250,000 fine, or twice the gross gain or loss from the offense. The money laundering conspiracy charge carries a maximum potential penalty of 10 years in prison and a \$250,000 fine, or twice the value of the property involved in the transaction. Each charge of monetary transactions in criminally derived property worth more than \$10,000 carries a maximum potential penalty of 10 years in prison and a \$250,000 fine, or twice the value of the property involved in the transaction.

U.S. Attorney Carpenito credited agents of the FBI's Atlantic City Resident Agency, under the direction of Special Agent in Charge Gregory W. Ehrie in Newark, IRS-Criminal Investigation, under the direction of Special Agent in Charge John R. Tafur in Newark, and the U.S. Department of Labor, Office of Inspector General, New York Region, under the direction of Special Agent in Charge Michael C. Mikulka, with the investigation leading to the indictment. He also thanked the Division of Pensions and Financial Transactions in the State Attorney General's Office, under the direction of Attorney General Gurbir S. Grewal and Division Chief Eileen Schlindwein Den Bleyker, for its assistance in the investigation.

The government is represented by Assistant U.S. Attorneys R. David Walk Jr. and Alyson M. Oswald of the U.S. Attorney's Office in Camden and Assistant U.S. Attorney Barbara Ward, Senior Trial Counsel of the Asset Recovery and Money Laundering Unit in Newark.

The charges and allegations contained in the indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

Attachment(s):

[Download Hickman.Indictment.pdf](#)

Topic(s):

Financial Fraud
Health Care Fraud

Component(s):

[USAO - New Jersey](#)

Press Release Number:

19-071

Updated March 15, 2019

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Lynda Cohen · Mar 15, 2019 · 3 min read



Suspects surrender as seven indicted in prescription fraud

Updated: 20 hours ago

Seven people have been indicted in a drug-compounding scheme that bilked millions from public health care benefits.

Six Atlantic County residents were led out of the FBI's Northfield office Friday morning after surrendering on the charges contained in a 50-count indictment.

They included two Margate firefighters and a Ventnor police officer.

The seventh person indicted is from West Deptford.

Among those taken in were William Hickman, who was named in a warrant for Dr. James Kauffman when agents came to his Egg Harbor Township office in June 2017.

Hickman, a pharmaceutical representative from Northfield, created a shell company called Boardwalk Medical LLC, according to the warrant, that also said the medications typically cost \$10 to blend but were billed as much as \$6,000 per dose.

Hickman's wife, Sara, was also led out in handcuffs.

Before Friday, 23 people had pleaded guilty in the case, which included doctors, teachers and firefighters.

Also named in the most recent indictments were Ventnor interim Patrol Sgt. Thomas Schallus, 42; Brian Pugh, 41, of Absecon, and Margate Firefighters Thomas Sher, 46, of Northfield, and his 37-year-old brother, John Sher of Margate.

[Another brother, Michael Sher — also a Margate firefighter — previously pleaded guilty in the case.](#)

Also indicted was Christopher Broccoli, 47, of West Deptford.

The seven face charges of conspiracy to commit health care fraud and wire fraud and with individual acts of health care fraud and wire fraud.

The Hickmans and Pugh are additionally charged with conspiracy to commit money



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(Kevin C. Shelly contributed to this report.)

6 people led out of the FBI's office in Northfield after surrendering this morning. Indictments in wide reaching prescription fraud investigation involving public employees expected to be unsealed today. @NBCPhiladelphia

pic.twitter.com/rEpK62cer9

— Ted Greenberg (@tedgreenbergNBC)

March 15, 2019

PREVIOUS PLEAS

[Dr. John Gaffney, 55, of Linwood: Margate doctor must forfeit \\$25,000. Cost: \\$24.9 million](#)

[Michael Sher, 40, of Northfield: Margate firefighter must forfeit \\$1.7 million. Cost: tbd at sentencing.](#)

[Mike Pepper, 45, of Northfield: Atlantic City firefighter must forfeit \\$113,627.54. Cost: \\$719,000](#)

[Richard Erick McAllister, 42, of Ocean City: Pleasantville High School English teacher must forfeit \\$456,806.23. Cost: \\$3.4 million](#)

[Shawn Sypherd, 46, of Marmora: Middle Township Middle School social studies teacher must forfeit \\$354,264.06. Cost: \\$2.4 million](#)

[Michael Pilate, 39, of Williamstown: Pleasantville schools counselor must forfeit \\$392,684.20. Cost: \\$3.5 million](#)

[Matthew Tedesco, 42, of Linwood: Pharmaceutical representative must forfeit \\$11.1 million. Cost: \\$28.7 million](#)

[Nicholas Tedesco, 44, of Linwood: local candy retailer must forfeit \\$782,766.56. Cost: \\$2 million](#)

[Tara LaMonaca, 43, of Linwood: Pharmaceutical representative must forfeit \\$89,855.13. Cost: \\$530,527](#)

[William Hunter, 43, of Sewell: Salesman must forfeit \\$245,020.08. Cost: \\$1.3 million](#)

[Michael Neopolitan, 49, of Willow Grove, Pa.: Pharmaceutical representative must forfeit \\$198,617.14. Cost: \\$762,519](#)

[Judd Holt, 42, of Marlton: Pharmaceutical representative must forfeit \\$95,574.49. Cost: \\$769,762](#)

[George Gavras, 36, of Moorestown: Pharmaceutical representative must forfeit \\$204,002.02. Cost: \\$679,368.53](#)



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[Cost: \\$4.3 million.](#)

[Andrew Gerstel, 39, of Galloway Township: Pharmaceutical representative must forfeit](#)

[\\$184,389.05. Cost: \\$483,946.](#)

[Timothy Frazier, 42, of Galloway Township: Commercial construction estimator must forfeit](#)

[\\$145,425. Cost: \\$801,119.](#)

[Robert Madonna, 36, of Florida: Former Margate mortgage consultant must forfeit \\$179,370.](#)

[Cost: \\$2.1 million.](#)

[Kristie Abbott Masucci, 36, of Cedar Run: Pharmaceutical representative must forfeit amount](#)

[to be determined at sentencing. Cost: \\$1.88 million.](#)

[James Wildman, 44, of Marmora: Ocean City schools maintenance worker, must forfeit](#)

[\\$657,040. Cost: \\$4.9 million.](#)

[Corey Sutor, 37, of Ventnor: Ventnor firefighter, must forfeit \\$150,397.79. Cost: \\$2 million.](#)



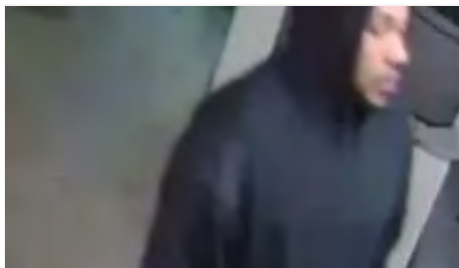
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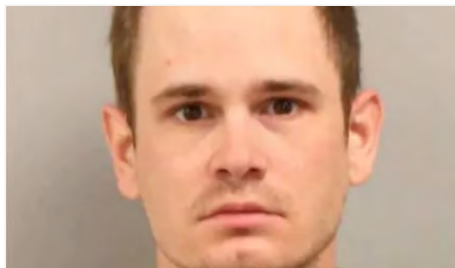
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Two Margate firefighters, Ventnor police officer indicted in prescription fraud scheme

Published by **Nanette LoBiondo Galloway** on March 15, 2019



Pixabay

CAMDEN. – A federal grand jury has returned a 50-count indictment charging seven people with allegedly defrauding New Jersey state health benefits programs and other insurers out of more than \$50 million by submitting fraudulent claims for medically unnecessary prescriptions, U.S.

Attorney Craig Carpenito announced today. Two of the people indicted today are longtime Margate City firefighters and one is a Ventnor City police officer.



with individual acts of health care fraud and wire fraud.

Tom and John Sher are both Margate City firefighters, and Thomas Schallus is a Ventnor City police officer. Pugh is co-owner of Tony's Baltimore Grill.

William and Sara Hickman and Brian Pugh also were charged with conspiracy to commit money laundering and individual acts of money laundering. The defendants are expected to appear later today before U.S. Magistrate Judge Ann Marie Donio in Camden federal court. The case is assigned to U.S. District Judge Robert B. Kugler in Camden.

According to the indictment, from July 2014 through April 2016, the conspirators recruited teachers, firefighters, police officers and state troopers enrolled in the state health benefits program to obtain very expensive and medically unnecessary compounded medications, including pain, scar, anti-fungal, and libido creams, as well as vitamin combinations from a Louisiana pharmacy. The pharmacy benefits administrator would pay prescription drug claims and then bill the State of New Jersey for the amounts paid.

The pharmacy agreed to pay Boardwalk Medical, LLC, a company run by the Hickmans, a percentage of the amount it received for the prescriptions. The Hickmans then had Pugh and other conspirators recruit individuals who had coverage for compounded medications, and those conspirators found additional recruiters, including Schallus, the Sher brothers and Broccoli, who recruited other public employees covered by the plan to order expensive compounded medications. The conspirators would have prescriptions signed by a doctor who did not examine the patients.



The compounding pharmacy was paid \$50 million for the medications, and then paid the Hickmans more than \$26 million for prescriptions. The Hickmans paid a portion of that amount to Pugh, Schallus, the Sher brothers, Broccoli, and other conspirators.

The health care fraud and wire fraud conspiracy count with which all defendants are charged carries a maximum potential penalty of 20 years in prison and a \$250,000 fine, or twice the gain or loss from the offense. Each wire fraud count carries a maximum potential penalty of 20 years in prison and a \$250,000 fine, or twice the gain or loss from the offense. Each health care fraud count carries a maximum penalty of 10 years in prison and a \$250,000 fine, or twice the gross gain or loss from the offense. The money laundering conspiracy charge carries a maximum potential penalty of 10 years in prison and a \$250,000 fine, or twice the value of the property involved in the transaction. Each charge of monetary transactions in criminally derived property worth more than \$10,000 carries a maximum potential penalty of 10 years in prison and a \$250,000 fine, or twice the value of the property involved in the transaction.

The government is represented by Assistant U.S. Attorneys R. David Walk Jr. and Alyson M. Oswald of the U.S. Attorney's Office in Camden and Assistant U.S. Attorney Barbara Ward, Senior Trial Counsel of the Asset Recovery and Money Laundering Unit in Newark.

The charges and allegations contained in the indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

Read the indictment: [hickman.indictment_0](#)



DOWNBEACH

Beach tags go on sale in the Downbeach area

Beach tags are still not available in Longport at this time, but can be purchased in Margate and Ventnor. The borough has been unable to secure tags due to the coronavirus pandemic. However, officials are

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DOWNBEACH

Longport accepting applications for lifeguard tryouts

The Longport Beach Patrol will hold lifeguard tryouts at a date yet to be determined. The date is subject to restrictions imposed by Gov. Phil Murphy's statewide emergency declaration that was extended on May 5

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DOWNBEACH

Waterways reopen following Bader Field sewer pipe repair

ATLANTIC CITY – The Atlantic County Health Department and the New Jersey Department of Environmental Protection have officially reopened the waterways surrounding Bader Field to recreational activities following safe water test results in the area. [Read more...](#)

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More charges in \$50M state benefits prescription drug probe

By DAVID PORTER , Associated Press, Associated Press

2019/03/16 01:57



A police officer and three firefighters were among seven people indicted this week in an alleged \$50 million prescription drug scheme involving public employees, the latest charges in an investigation that has already produced nearly two dozen guilty pleas.

A 50-count indictment unsealed Friday by the U.S. attorney's office in Camden, New Jersey, charged the seven with health care fraud, wire fraud and conspiracy. Twenty-three people already have pleaded guilty in connection with the investigation, according to the U.S. attorney's office.

Named in the indictment were William Hickman, a pharmaceutical sales representative; his wife, Sara Hickman, the founder of a medical supply company; Ventnor police officer Thomas Schallus; brothers John Sher and Thomas Sher, both Margate firefighters; Camden firefighter Christopher Broccoli; and business owner Brian Pugh.

In addition to the conspiracy and fraud charges, which carry maximum penalties of between 10 and 20 years per count, the Hickmans and Pugh were charged with money laundering and money laundering conspiracy.

Michael Sher, brother of John and Thomas Sher and a former firefighter in Margate, was listed in the indictment as a co-conspirator. He pleaded guilty last year.

Court filings didn't list attorneys who could speak for the defendants. They were scheduled to appear in court in Camden on Friday.

According to the indictment, the defendants exploited the fact that some state and local government employees had insurance that covered expensive compound medications such as pain, scar, antifungal and libido creams. Reimbursements ran as high as thousands of dollars for a one-month supply.

Sara Hickman's company, Boardwalk Medical, of Northfield, allegedly was paid a percentage of the amount a Louisiana-based compounding pharmacy, not identified in court papers, received from a state benefits administrator for prescriptions received.

Sara Hickman and William Hickman allegedly paid others, including Pugh, to recruit public-sector employees who would obtain the expensive prescriptions they didn't need, and without seeing a doctor.

John Gaffney, a doctor based in Margate, pleaded guilty in 2017 to health care fraud for signing bogus prescriptions for patients he never saw. He faces up to 10 years in prison and is scheduled to be sentenced in July.

Updated : 2020-05-09 23:56 GMT+08:00

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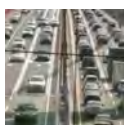
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Seven Charged in NJ in \$50 Million Compounding Fraud Scheme

MARCH 19, 2019 - WORKCOMPWIRE

Camden, NJ – U.S. Attorney Craig Carpenito recently announced that a federal grand jury has returned a 50-count indictment charging seven people with defrauding New Jersey state health benefits programs and other insurers out of more than \$50 million by submitting fraudulent claims for medically unnecessary prescriptions.

William Hickman, Sara Hickman, Thomas Schallus, and Thomas Sherrall of Northfield, New Jersey, Brian Pugh of Absecon, New Jersey, John Sher, of Margate City, New Jersey, and Christopher Broccoli, of West Deptford, New Jersey, were all charged with conspiracy to commit health care fraud and wire fraud and with individual acts of health care fraud and wire fraud. William and Sara Hickman and Brian Pugh also were charged with conspiracy to commit money laundering and individual acts of money laundering. The defendants are expected to appear later today before U.S. Magistrate Judge Ann Marie Donio in Camden federal court. The case is assigned to U.S. District Judge Robert B. Kugler in Camden.

According to the indictment:

Compounded medications are specialty medications mixed by a pharmacist to meet the specific medical needs of an individual patient. Although compounded drugs are not approved by the Food and Drug Administration (FDA), they are properly prescribed when a physician determines that an

FDA-approved medication does not meet the health needs of a particular patient, such as if a patient is allergic to a dye or other ingredient.

From July 2014 through April 2016, the conspirators recruited individuals in New Jersey to obtain very expensive and medically unnecessary compounded medications from a Louisiana pharmacy, identified in the indictment as the "Compounding Pharmacy." The conspirators learned that certain compound medication prescriptions – including pain, scar, antifungal, and libido creams, as well as vitamin combinations – were reimbursed for thousands of dollars for a one-month supply.

The conspirators also learned that some New Jersey state and local government and education employees, including teachers, firefighters, municipal police officers, and state troopers, had insurance coverage for these particular compound medications, as did some other insurance plans. An entity referred to in the indictment as the "Pharmacy Benefits Administrator" provided pharmacy benefit management services for the State Health Benefits Program, which covers qualified state and local government employees, retirees, and eligible dependents, and the School Employees' Health Benefits Program, which covers qualified local education employees, retirees, and eligible dependents. The Pharmacy Benefits Administrator would pay prescription drug claims and then bill the State of New Jersey for the amounts paid.

The Compounding Pharmacy agreed to pay Boardwalk Medical LLC, a company run by William Hickman and Sara Hickman, a percentage of the amount that the Compounding Pharmacy received for prescriptions obtained by Boardwalk Medical and its associates. The Hickmans then had Pugh and other conspirators recruit individuals who had coverage for compounded medications, and those conspirators found additional recruiters, including Thomas Schallus, John Sher, Thomas Sher, and Christopher Broccoli.

The conspirators recruited public employees covered by the Pharmacy Benefits Administrator to fraudulently obtain compounded medications from the Compounding Pharmacy without any evaluation or determination by a medical professional that the medications were medically necessary. The defendants paid individuals to agree to receive prescription medications from the Compounding Pharmacy. The defendants completed prescriptions for these individuals and selected the most expensive medications with the highest number of refills to obtain the highest possible insurance reimbursement. The conspirators would have prescriptions signed by a doctor who did not examine the patients. The prescriptions were faxed to the Compounding Pharmacy, which filled the prescriptions and billed the Pharmacy Benefits Administrator.

William Hickman paid Dr. John Gaffney to reward him for signing prescriptions. Gaffney previously pleaded guilty to conspiracy to commit health care fraud and admitted taking payments and signing prescriptions for patients he did not see.

After the prescriptions were filled, the Compounding Pharmacy paid Boardwalk Medical a percentage of each prescription filled and paid by the Pharmacy Benefits Administrator. The Pharmacy Benefits Administrator paid Compounding Pharmacy over \$50 million for compounded medications, and the Compounding Pharmacy paid William Hickman and Sara Hickman over \$26 million for prescriptions obtained by the conspiracy. The Hickmans paid a portion of that amount to Pugh, Schallus, John Sher, Thomas Sher, Christopher Broccoli, and other conspirators.

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U.S. Attorney Carpenito credited agents of the FBI's Atlantic City Resident Agency, under the direction of Special Agent in Charge Gregory W. Ehrie in Newark, IRS-Criminal Investigation, under the direction of Special Agent in Charge John R. Tafur in Newark, and the U.S. Department of Labor, Office of Inspector General, New York Region, under the direction of Special Agent in Charge Michael C. Mikulka, with the investigation leading to the indictment. He also thanked the Division of Pensions and Financial Transactions in the State Attorney General's Office, under the direction of Attorney General Gurbir S. Grewal and Division Chief Eileen Schlindwein Den Bleyker, for its assistance in the investigation.

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The charges and allegations contained in the indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

Source: US Attorney's Office

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Seven Indicted in \$50 Million Compound Cream Scheme

Options

Tuesday, March 19, 2019 | 1914 | 0 | 14 min read

Seven people could face up to 20 years in prison for their alleged role in an elaborate compound medication scheme that defrauded New Jersey health insurers out of \$50 million, federal prosecutors said.

The U.S. Attorney for New Jersey **announced** Friday that a grand jury had returned the indictments after an investigation showed that the seven were involved in a plan to recruit patients who had insurance that covered the expensive compound creams and other medications. The scheme then found physicians to prescribe the compounds without seeing the patients and without determining medical necessity, the prosecutor's office said in a bulletin.



A Louisiana-based pharmacy filled the prescriptions, and a pharmacy benefits manager billed the insurance carriers, which included a health plan for New Jersey state employees, prosecutors said.

"The defendants paid individuals to agree to receive prescription medications from the compounding pharmacy," reads the bulletin from U.S. Attorney Craig Carpenito. "The defendants completed prescriptions for these individuals and selected the most expensive medications with the highest number of refills to obtain the highest possible insurance reimbursement."

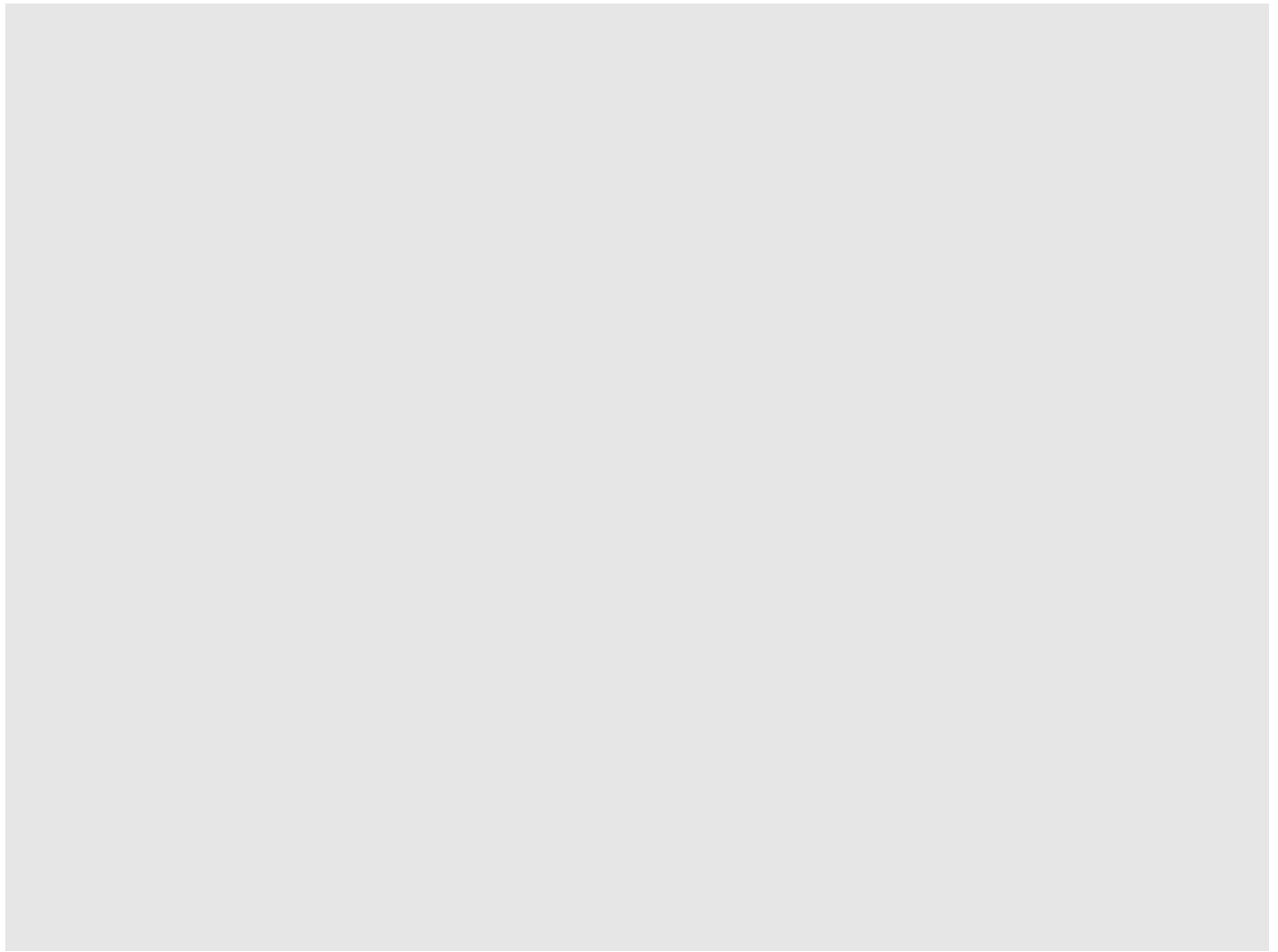
Those charged were: William Hickman, 42, Sara Hickman, 42, Thomas Schallus, 42 and Thomas Sher, 46, all of Northfield, New Jersey; Brian Pugh, 41, of Absecon, New Jersey; John Sher, 37, of Margate City, New Jersey; and Christopher Broccoli, 47, of West Deptford, New Jersey.

https://www.pressofatlanticcity.com/news/top_three/accused-health-care-fraud-ringleaders-ask-judge-to-lift-travel-ban-for-disney-trip/article_fa68d257-0481-5227-90e8-40d884e9737d.html

Accused health care fraud ringleaders ask judge to lift travel ban for Disney trip

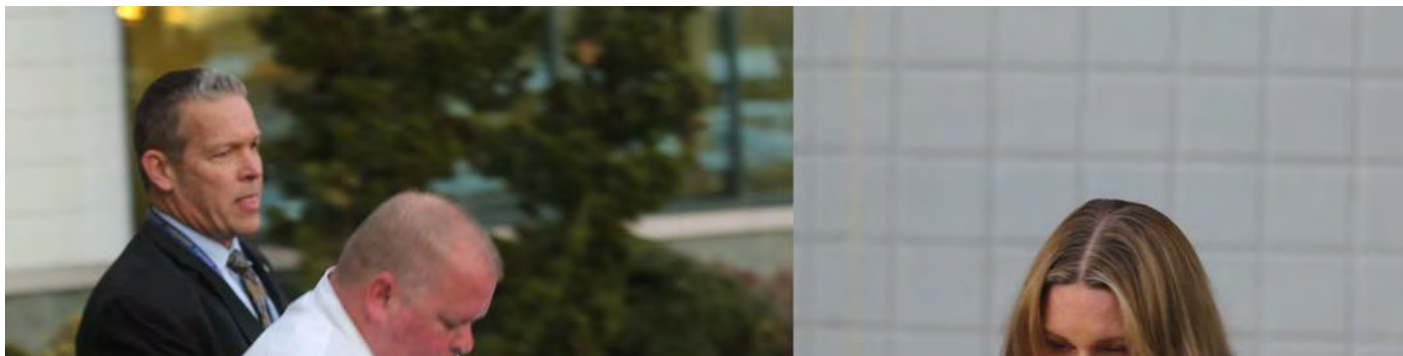
MOLLY BILINSKI Staff Writer

Mar 22, 2019



S. HICKMAN

COLT SHAW / Staff Writer



CAMDEN — The ringleaders of an ongoing \$50 million drug compounding fraud case asked a federal judge Thursday to lessen their travel restrictions so they can take their son to Walt Disney World next week.

Sara Hickman, 42, a former teacher, along with her husband, William, 42, a pharmaceutical sales representative, who have both pleaded not guilty in the case, appeared in U.S. District Court in front of Judge Robert B. Kugler.

While arguments were scheduled for 2 p.m. April 5 regarding the conditions of the couple's release including the freezing of their assets, Sara Hickman's attorney, Lee Vartan, asked about a trip to Disney World in Florida that she had planned and already paid for scheduled for next week.

“Both Hickmans have known about the investigation for two years,” Vartan said, adding that they left the country twice over that time with family and came back each time. “We don’t believe they are a flight risk.”

The couple also has a planned trip to Puerto Rico over the Easter holiday, and want to go on that trip as well, said Samuel Moulthrop, William Hickman’s attorney.

🔗 Who's been charged in prescription fraud case?

While Kugler said there should be a secured bond and doesn’t agree with travel outside the country, he’s “not opposed” to the Disney trip. Kugler deferred to pre-trial services, who supervise defendants who are released from custody, to make the decisions on the trip.

“If a family has no money for living expenses (because their assets are frozen), they wouldn’t be taking a trip like that,” Assistant U.S. Attorney R. David Walk Jr. said.

Also during the appearance, where all seven of the co-defendants appeared, the state and the defense spoke about the exchange of evidence in the case, which amounts to in excess of 100,000 documents, which should be started before the next status conference slated for 1:30 p.m. May 29.

Prosecutors allege the Hickmans were ringleaders of a local criminal organization authorities said cheated taxpayer-funded public workers' health insurance programs out of more than \$50 million.

The seven join a total of 30 people charged in the case since August 2017. Most are from Atlantic County, and the list includes teachers, firefighters, police officers and other public employees along with a doctor and pharmaceutical representatives.

"They are facing the most serious charges in this case," Walk said. "Everything has changed significantly."





Are the games with the most complex strategy
the best games?



The maximum sentence for the conspiracy to commit health care and wire fraud carries a maximum sentence of 20 years, Walk said, before adding that he found it “ironic” that the Hickmans have no money for living expenses, but can afford vacations.

Five other co-defendants who pleaded not guilty in the case last week also appeared, including:

Brian Pugh, 41, of Absecon, co-owner of Tony’s Baltimore Grill and owner of BP Med 1 LLC

Thomas Schallus, 42, a Ventnor police officer, who was allegedly recruited by Pugh

Christopher Broccoli, 47, of West Deptford, Gloucester County, a Camden firefighter

Thomas Sher, 46, of Northfield, and John Sher, 37, of Margate. Both men are Margate firefighters and were allegedly recruited by their brother Michael Sher, another Margate firefighter. Michael Sher has already pleaded guilty in the case.

Also Thursday, attorneys for Schallus and Thomas Sher scheduled a 4 p.m. Wednesday hearing about lessening the conditions of release that prohibit them from interacting with each other without their attorneys.

“All of these folks live in proximity of each other,” John Whipple, Shallus’ attorney, said. “These folks can’t avoid bumping into each other.”

Whipple said it’s “almost impossible” to prevent the co-defendants from seeing each other around their communities. The co-defendants’ live close to each other, frequent each others businesses and their children interact on sports teams at school, he said.

He said Schallus is the “rules guy” and as a suspended police officer “did not want to run afoul” of the rules.

“I understand this has upended the lives of many people — the likes of which they’ve never seen before,” Kugler said. “All I can do is move this case along as quickly as possible.”

Kugler said he understood Whipple’s concern, but that he didn’t think the defendants would be in violation for “bumping carts at the grocery store.”



Officials react to latest round of arrests in prescription fraud case



Seven plead not guilty in prescription fraud case



Ventnor firefighter pleads guilty in health benefits fraud scheme



Ocean City school maintenance worker pleads guilty in health benefits fraud scheme



Health benefits fraud conspirators keep licenses while sentencings delayed



Stafford woman admits role in state health benefits fraud scheme



Ex-Margate mortgage consultant pleads guilty in ongoing health benefits fraud case



Kauffman warrant reveals compounding, blood testing fraud



Federal sentencings delayed to November for health benefits fraud case



Sentencings in compounding case delayed; attorneys say that's typical



Linwood woman pleads guilty in health benefits fraud scheme



Federal sentencing delayed again in health benefits fraud case



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Pleasantville High School teacher pleads guilty in state health benefits fraud

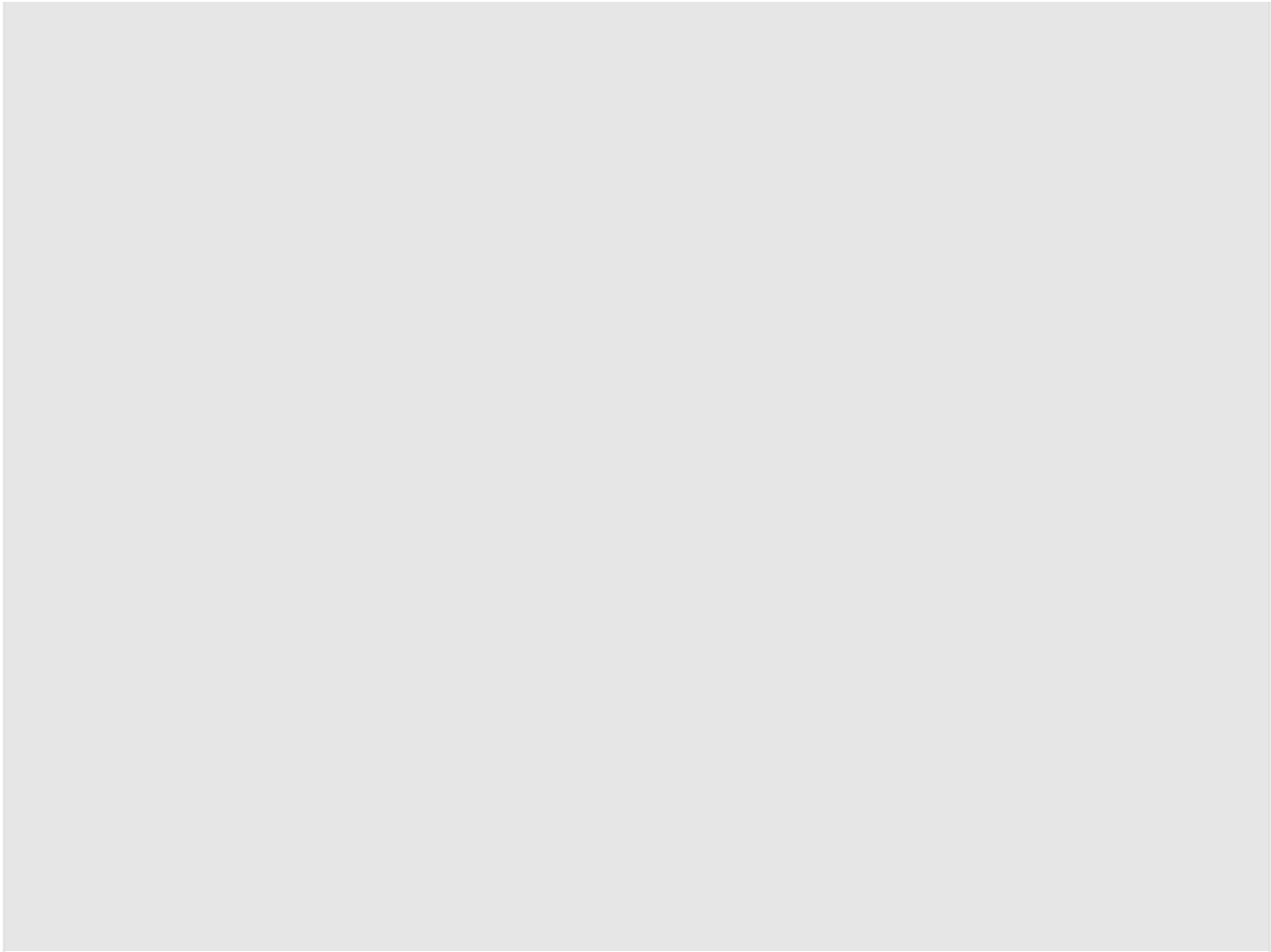


Margate firefighter admits role in \$50M state health benefits fraud scheme

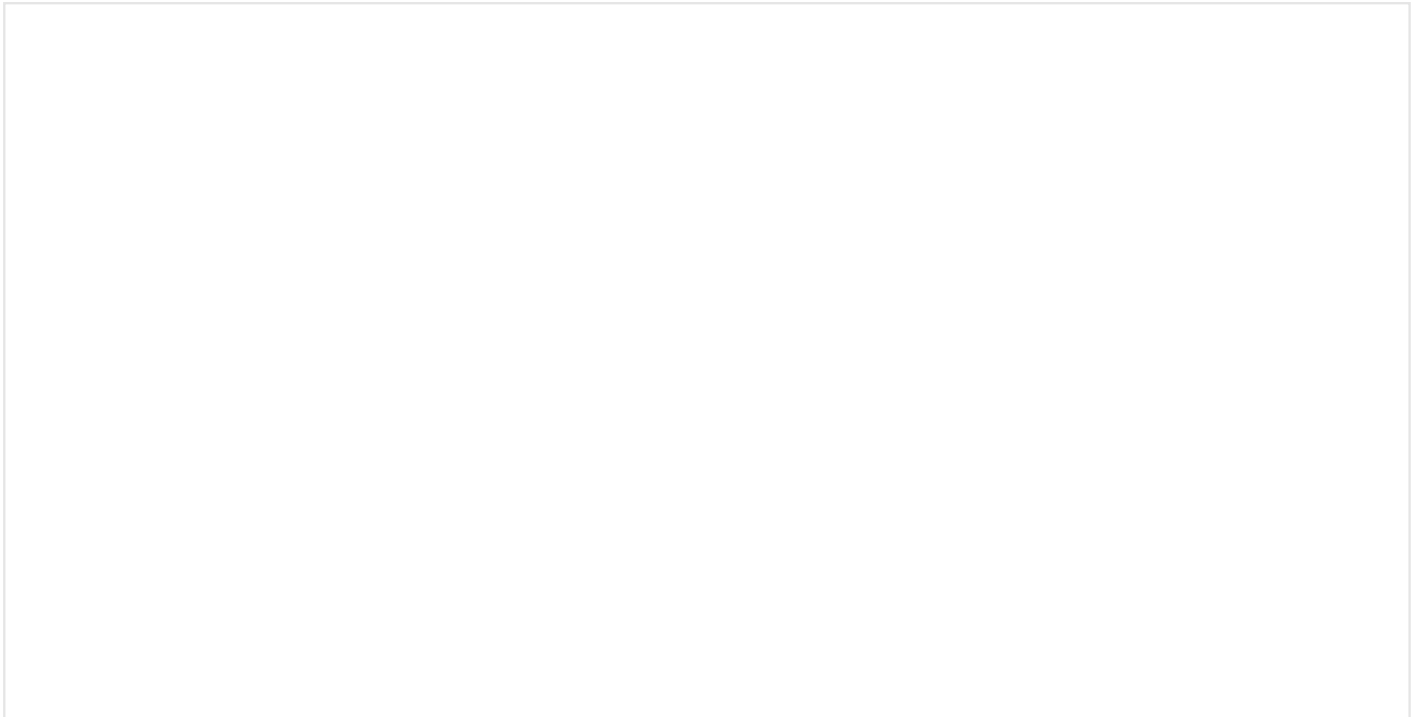


How the \$50M health benefits fraud scheme punishes consumers

Alleged health benefits fraud ringleader can go to Disney, judge rules



Celebrate Easter with these local events



Court date for prescription fraud case postponed

Molly Bilinski

Staff Writer

My beat is public safety, following police and crime. I started in January 2018 here at the Press covering Egg Harbor and Galloway townships. Before that, I worked at the Reading Eagle in Reading, Pa., covering crime and writing obituaries.

https://www.pressofatlanticcity.com/news/crime/faq-health-benefits-fraud/article_d392902f-062f-5bf3-bfe5-5e92c6cdd605.html

FAQ: Health benefits fraud

Claire Lowe
Mar 22, 2019



Thomas Schallus, 42, of Northfield, is charged with conspiracy to commit health care fraud and wire fraud, individual acts of health care fraud and wire fraud.

COLT SHAW Staff Writer

The arrests last week of seven area residents, who all pleaded not guilty, in the ongoing federal investigation into health benefits fraud has brought renewed attention to the case that has seen 23 South Jersey residents plead guilty since 2017.

In his plea agreement with the government, Margate physician Dr. John Gaffney admitted writing phony prescriptions for at least 200 public employees.

Federal subpoenas issued to the cities of Ventnor, Margate and Atlantic City, as well as the Margate School District and Mainland Regional High School, between June and August 2017 requested listings of all police, fire and city employees using Express Scripts, Medco and/or NJ Direct, the state's health insurance plan. Medco was acquired by Express Scripts in 2013.

The two companies are examples of “pharmacy benefits managers” and essentially are the middlemen between insurance companies and pharmacies.



Officials react to latest round of arrests in prescription fraud case

What is the scheme?

Prosecutors say the local scheme was the result of a group of pharmacy sales reps, doctors and public health employees working together to defraud the benefits plans.

Doctors allegedly wrote unnecessary prescriptions for specially mixed creams to their patients, who were public employees and part of the state's health insurance benefits program.

The prescriptions were for libido, pain or vitamin creams. The patients numbered in the hundreds. But the common thread was that they all went to one pharmacy in Louisiana, which filled them and billed New Jersey

\$50 million. Of that money, prosecutors say \$26 million went back to a company formed in Northfield.

The recruiters, allegedly led by William and Sara Hickman, of Northfield, had the public employees fill the prescriptions through the Louisiana pharmacy, and the participants in the scheme would receive kickbacks from the pharmacy.



Health benefits fraud conspirators keep licenses while sentencings delayed

What is drug compounding, and is it legal?



TOP ARTICLES 1/3



Are the games with the most complex strategy
the best games?



Yes, it is legal.

Drug compounding is a process in which a pharmacist or doctor alters or mixes ingredients into a custom drug to fit the needs of a patient, according to the U.S. Food and Drug Administration.

Although the process is legal, it's not without controversy. Efforts to make the drugs subject to FDA approval followed sickening and injuries that stemmed from unsafe compound medications.

But for some people, the compounding of a specially mixed drug is their only solution. People may require compounded medication due to allergies to specific ingredients in the commercial drug manufacturing process, or to create a specific application or dosage, said Keith Hartman, owner of the Egg Harbor Township compounding pharmacy Curexa.



Kauffman warrant reveals compounding, blood testing fraud

Then why are compounding drugs being targeted?

Compounded medications, which are unregulated by the FDA, are legal and pharmacies can receive large payouts from insurers for the often expensive medications, which contributes to the abuse, said Michael Barnett, a professor of management and global business at Rutgers University and a fellow with the Institute of Ethical Leadership at the school.

Why target the state health benefits plans?

Louis Saccoccio, CEO of the National Health Care Anti-Fraud Association, said similar schemes have been committed using other large health benefits systems because of the vulnerability due to the amount of claims that come in and the fact they are processed online.

— Claire Lowe and Colt Shaw



Federal sentencings delayed to November for health benefits fraud case



Sentencings in compounding case delayed; attorneys say that's typical



How the \$50M health benefits fraud scheme punishes consumers



Alleged health benefits fraud ringleader can go to Disney, judge rules



Alleged health benefits fraud ringleader to appear in court Friday



Alleged health benefits fraud ringleaders ordered to post bond



Residents charged in ongoing fraud case were hiding in plain sight



Another former Ventnor firefighter admits role in state health benefits fraud



Prescription fraud case defendants to appear in U.S. District Court



Attorneys in prescription fraud case get more time to review evidence

Claire Lowe

Staff Writer

I began covering South Jersey in 2008 after graduating from Rowan University with a degree in journalism. I joined The Press in 2015. In 2013, I was awarded a NJPA award for feature writing as a reporter for The Current of Hamilton Township.



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Michelle Dawn Mooney · Mar 26, 2019 · 2 min read



Alleged leader in \$50M prescription fraud case can go to Disney World, judge rules

What's Sara Hickman going to do now that she's charged with leading a multi-million dollar health care benefits fraud ring?

She's going to Disney World.

Hickman, 42, of Northfield, allegedly ran the shell company that allowed her and her husband, William, and others to defraud public health care benefits of about \$50 million. This week, District Judge Robert Kugler ruled that Sara Hickman could take the couple's 5-year-old on a preplanned trip to Orlando, Florida, "for the purpose of visiting Disneyworld and other amusement venues in the Orlando area," he wrote.

Kugler denied an application by the couple for a separate trip to Puerto Rico.

The judge also postponed the Hickmans' payment of \$100,000 bond each for their freedom until April 5, when he scheduled oral arguments about releasing certain assets of the couple that their attorneys argue are "untainted" by the allegations.

The couple has three children, ages 11, 9 and 5.

"The only significant unrestrained cash assets are Roth IRAs that cannot be accessed without penalty and checking accounts with limited funds that need to be used for immediate living expenses," their attorneys noted in a joint letter submitted to the judge earlier this month.

The next status conference in the case is set for May 29.

Photo courtesy of NBC-10



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fraud

Seven people have been indicted in a drug-compounding scheme that bilked millions from public health care benefits. Six Atlantic County residents were led out of the FBI's Northfield office Friday morning after surrendering on the charges contained in a 50-count indictment. They included two Margate firefighters and a Ventnor police officer. The seventh person indicted is from West...



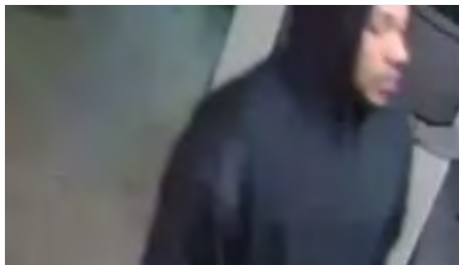
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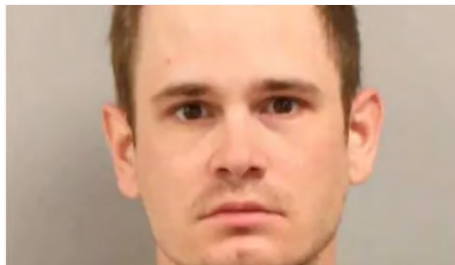
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South Jersey teacher, salesman, plead guilty in Shore health benefits scam

by Amy S. Rosenberg, Posted: March 26, 2018



AMY ROSENBERG



A Pleasantville High School teacher and a Sewell salesman on Monday became the 17th and 18th men to plead guilty in U.S. District Court in Camden to participating in a multimillion-dollar New Jersey state health benefits fraud that authorities allege ensnared hundreds of police, firefighters, teachers and other public employees in Shore communities.

William Hunter, 43, who works for an industrial equipment company, and Richard McAllister, 42, a teacher who resides in Ocean City, both pleaded guilty to "submitting fraudulent claims for medically unnecessary prescriptions," according to a joint news release from U.S. Attorney Craig Carpenito and state Attorney General Gurbir S. Grewal.

The guilty pleas took place Monday morning before U.S. District Judge Robert B. Kugler. As with the 16 previous guilty pleas, both men were charged with conspiracy to commit health care fraud.

The pleas are part of a wide-ranging conspiracy that authorities say resulted in as much as \$50 million in improper insurance payments from the New Jersey Health Benefits Program, which covers state and local government employees, retirees, and eligible dependents, and the School Employees' Health Benefits Program, which covers teachers, school employees, retirees, and eligible dependents.

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"The amounts paid for the prescription drug claims were billed to the State of New Jersey," the release noted. Authorities have said that numerous Shore communities could be impacted by the unraveling conspiracy before authorities are finished with their investigation and prosecutions.

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Both Hunter and McAllister were described as "recruiters" in the scheme, one level down the chain from the people who directly received kickbacks from the still-unidentified out-of-state pharmacy that filled the prescriptions for the expensive compounded medicines, including scar, pain, antifungal and libido cream and passed along a percentage of the reimbursements.

Hunter and McAllister admitted receiving a percentage of those kickbacks in exchange for referring people with the right insurance plans, and also to passing along a percentage of what they collected to those they recruited, according to the criminal information filed along with the guilty pleas.

Hunter received \$245,020.08 in criminal proceeds that he has agreed to forfeit, and was ordered to pay restitution of at least \$1.3 million. McAllister's proceeds were calculated at \$456,806.23, also subject to forfeiture. The judge ordered him to pay restitution of at least \$3.4 million.

McAllister is an English teacher at Pleasantville and also served as head baseball coach, according to school board records posted online. "He hasn't resigned and he hasn't received any formal notice from the district," his attorney, Edward Borden, said. He declined to comment further.

A Pleasantville guidance counselor previously pleaded guilty in the scheme.

At a previous plea hearing, the judge issued a warning to those awaiting sentencing to fully account for the money they received in financial disclosure forms.

"I'm putting everyone on notice," Kugler said at the hearing earlier this month. "I expect to hear how they received it, what they did with it, and where it is now."

Sixteen other men, including ringleader Matthew Tedesco, Atlantic City Firefighter Michael Pepper, and Margate Firefighter Michael Sher, have pleaded guilty. Tedesco and Pepper will be sentenced July 17. Those defendants still face a maximum penalty of 10 years in prison and a \$250,000 fine.

Both defendants who pleaded guilty Monday face a maximum potential penalty of 10 years in prison and a \$250,000 fine, or twice the gross gain or loss from the offense. Sentencing for both defendants is scheduled for July 18.

Posted: March 26, 2018 - 1:15 PM



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Residents charged in ongoing fraud case were hiding in plain sight

April 08, 2019, Northfield, NJ — Two years ago, William Hickman, a dedicated volunteer in Northfield youth baseball, took a step back from the league.

He told other coaches he needed to “step aside for the betterment of the league,” former Northfield Little League President Jason Yard said, without providing any more explanation.

On March 15, Hickman was led out of the FBI field office in Northfield in handcuffs, his head down. His wife, Sara, followed soon after. The two were charged by prosecutors as the alleged ringleaders in an ongoing \$50 million prescription fraud scheme running from July 2014 to April 2016.

The Hickmans are accused of contributing to a pyramid of fraud in which public employees were recruited to secure prescriptions for expensive and medically unnecessary medications in exchange for kickbacks.

Many of the 30 South Jersey residents charged in the case were active,

contributing members of their communities. They held public jobs. They coached youth sports. They were siblings, spouses, friends. And their reputations as pillars of the community seem to have withstood the allegations.

What allows white-collar crime to take root, and to proliferate, in an otherwise unassuming environment?

The Sher brothers, three of whom were charged in the case, were not easily pegged as would-be criminals, and those who knew them were caught off guard by investigators' allegations.

"It's quite a shock to see somebody that you hang out with a couple times a month, to know that they were involved in something like this, and it's disappointing," Yard said. "From our organization's perspective, they are adults, they made a decision, they have to face any consequences that they are faced with."

Even friends were thrown off.

"I happen to be very close with a lot of these people on a personal standpoint," said Chuck Hackett, the current president of Northfield Little League. "(They are) good people. Sounds like they just got caught up in a bad situation."

J.C. Lore, a clinical professor of law at Rutgers Law School in Camden, said the status of white-collar criminals can buffer suspicion.

"To a certain extent, with white-collar crimes, sometimes they are relatively successful people and they are in positions of trust," Lore said. "They are given a lot of trust, which makes their crime not so easy to detect, and they, generally, have earned that position they are in through some type of hard work and success, and it sometimes makes them feel invincible."

The Sher brothers, in particular, were very active in their community, including coaching youth sports. Yard said they would be the first people to respond to a call for volunteers and the last people on the field after an event.

"Outside of the crime, which is a white-collar crime and is horrible, however you want to portray it, they're actually good people when it comes to the children," Yard said. "They're very good people."

Hickman, Thomas Schallus, Thomas Sher and Richard Zappala were all coaches in the league and have all been charged in the case.

"We were very surprised once the information came out regarding the whole scandal," Yard said.

Some were specifically singled out for their community contributions.

In 2016, in his last year as president of the Family Association of Northfield, Thomas Sher was honored by the Mainland Regional Education Foundation with the Community Counts! Difference Maker Award for his work with youth athletics in the area.

"Although this is Tom's last year as FAN president," the pamphlet for the event states, "he will continue to lead and teach our children to become better competitors and good young people for years to come."

Thomas Sher made about \$98,000 a year as a Margate firefighter, and John Sher made more than \$102,000. Schallus made just shy of \$120,000 a year as a Ventnor police officer.

Lore said hubris among alleged perpetrators of white-collar crime is not uncommon.

"The thing with white-collar criminals is there's a combination of greed and the belief that they aren't going to get caught," Lore said. "Frequently, they're right. There's not nearly as much enforcement in sort of white-collar arena than there is for street-level crimes."

Beyond that, he said, middle-class and upper-middle-class white professionals are afforded a benefit of the doubt others are not.

"I think that's culturally our misperception of crime. We think that crime is only driven by the inner cities or people that live in poverty," Lore said. "That's not true. It happens all the time in other ways. It's just people aren't looking as closely. It's privilege."

For some, the veneer of an idyllic family life provided cover.

John, Thomas and Michael Sher have been charged in the case, with Michael pleading guilty in March of last year. In addition to the three brothers, a fourth may be called as a witness in the case, officials said. The brothers, three of whom live within blocks of each other in Northfield, are grappling with their conditions of release.

At John and Thomas Sher's arraignment March 15, John's attorney Jerome Ballarotto argued against a bail condition barring the brothers from meeting

with each other without a lawyer or parent present. He said the family is “very religious” and “very close.”

On March 27, at a hearing to again contest the condition, Michael Sher’s attorney, William Hughes, said the family had a lot of kids and relied on each other for childcare.

The prosecutor on the case, David Walk, asked why people accused of a crime should be permitted to meet with potential witnesses.

Judge Robert Kugler ruled in the family’s favor.

Those who have followed the case since the beginning, including the arrests of noted professionals like Dr. James Kauffman, will not be moved by the contrast between defendants’ personal lives and the allegations leveled against them.

Longtime defense attorney Lloyd Levenson, a former Atlantic County chief assistant prosecutor, said from a legal perspective, the size of the compounding fraud ring in South Jersey was unique. As a resident, he said it was disappointing to know how much money was stolen. But even more troubling is the rarity of someone from the area held in as high esteem in the community as Kauffman — who has been tied to the case but was not charged before his suicide in January 2018 — being involved in so many illegal activities, he said.

“It doesn’t come along that often, but certainly there are people who live their lives trying to beat the system,” Levenson said, “and not only focused on one way to beat the system but on multiple ways to beat the system. And most often they get caught.”

Source: [Press of Atlantic City](#)

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PRESCRIPTION FRAUD CASE

Residents charged in ongoing fraud case were hiding in plain sight

MOLLY BILINSKI & COLT SHAW Staff Writer

Apr 8, 2019



In this combination of two photos, William and Sara Hickman are escorted out of the FBI office in Northfield on March 15, 2019, after being charged with participating in the ongoing health benefits fraud scheme.

Press archives

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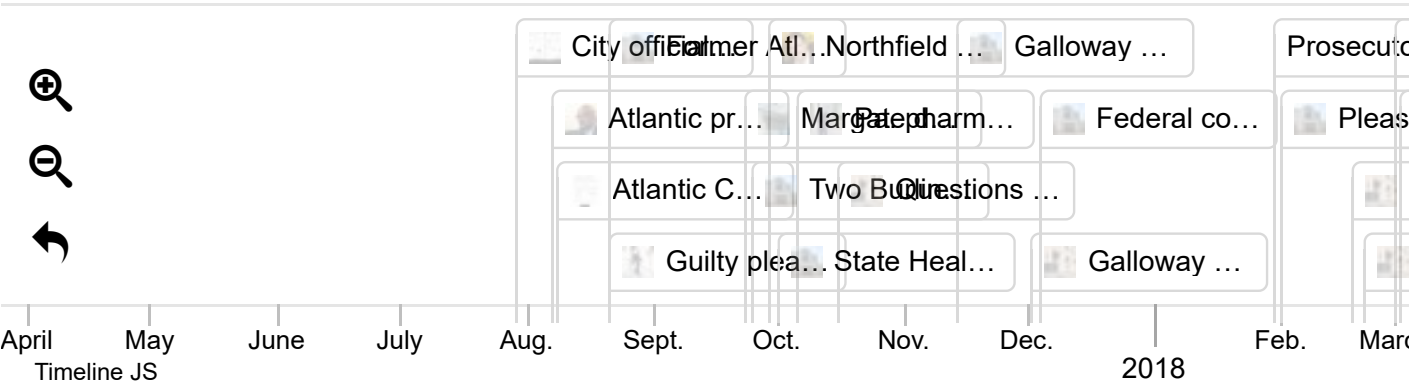
Judge Robert Kugler ruled in the family's favor.

Those who have followed the case since the beginning, including the arrests of noted professionals like Dr. James Kauffman, will not be moved by the contrast between defendants' personal lives and the allegations leveled against them.

Longtime defense attorney Lloyd Levenson, a former Atlantic County chief assistant prosecutor, said from a legal perspective, the size of the compounding fraud ring in South Jersey was unique. As a resident, he said it was disappointing to know how much money was stolen. But even more troubling is the rarity of someone from the area held in as high esteem in the community as Kauffman — who has been tied to the case but was not charged before his suicide in January 2018 — being involved in so many illegal activities, he said.

“It doesn’t come along that often, but certainly there are people who live their lives trying to beat the system,” Levenson said, “and not only focused on one way to beat the system but on multiple ways to beat the system. And most often they get caught.”

A timeline of prescription fraud in South Jersey



Staff Writer Claire Lowe contributed to this report.

Contact: 609-272-7241 mbilinski@pressofac.com Twitter @ACPressMollyB



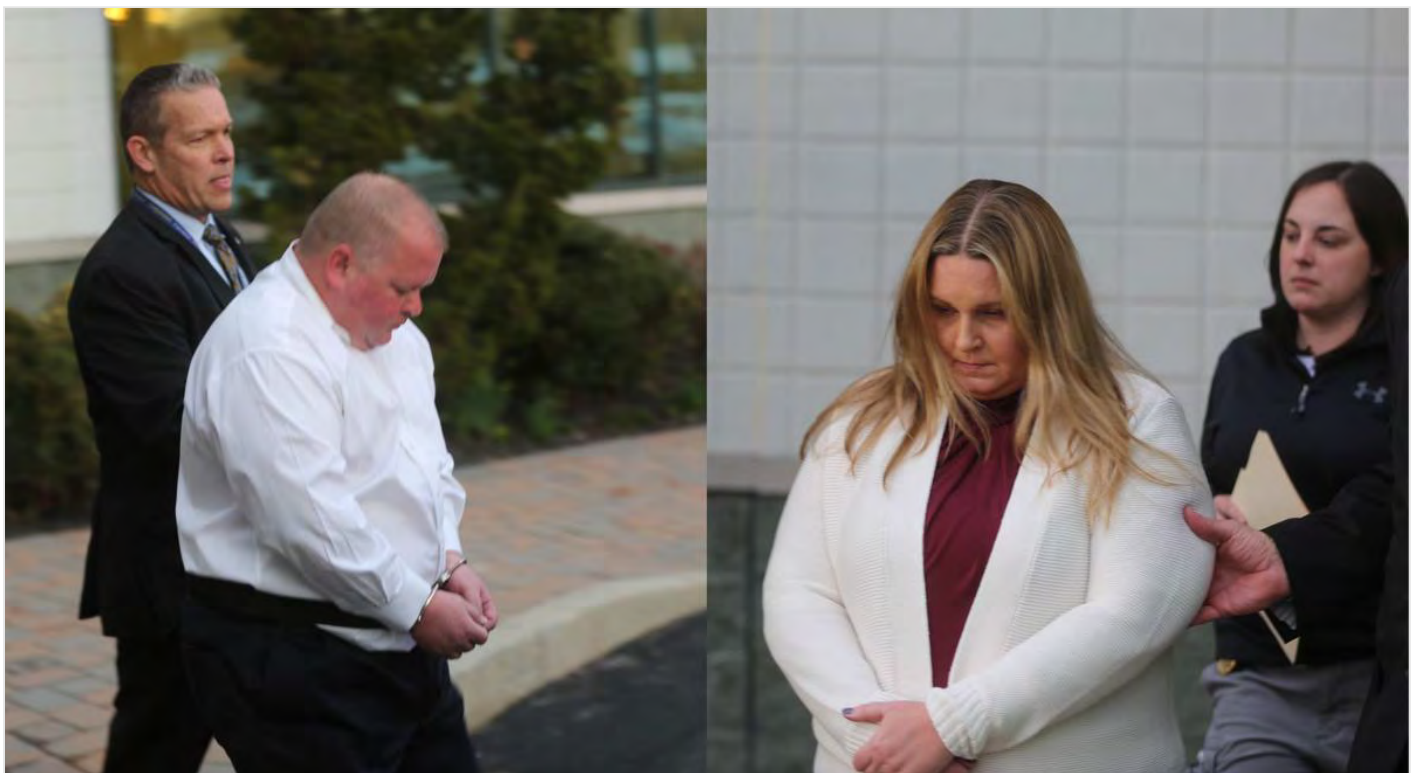
Judge rules Sher brothers can meet without lawyer in prescription fraud case



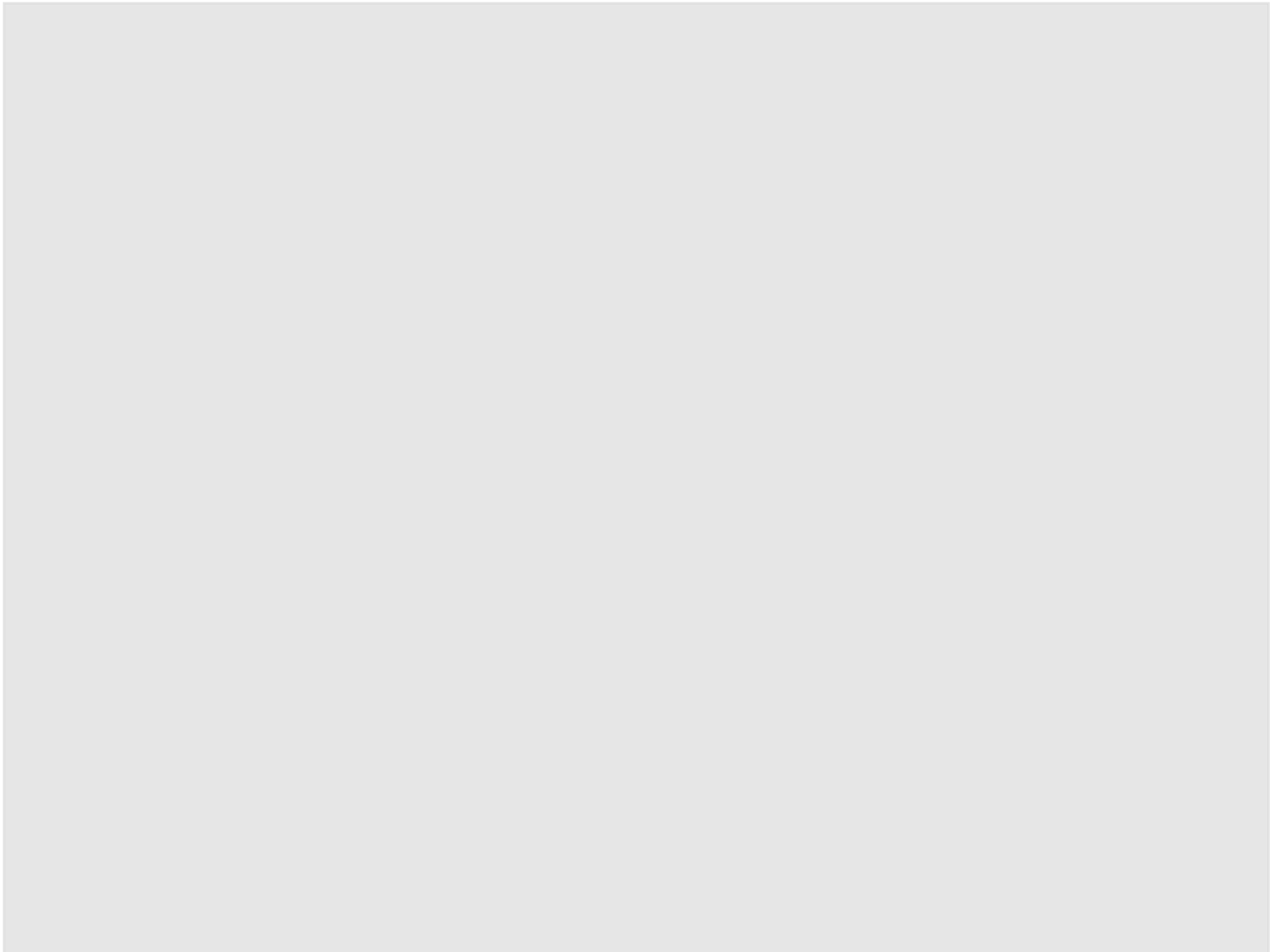
Kauffman 'crime spree' lives on through local health benefits fraud case



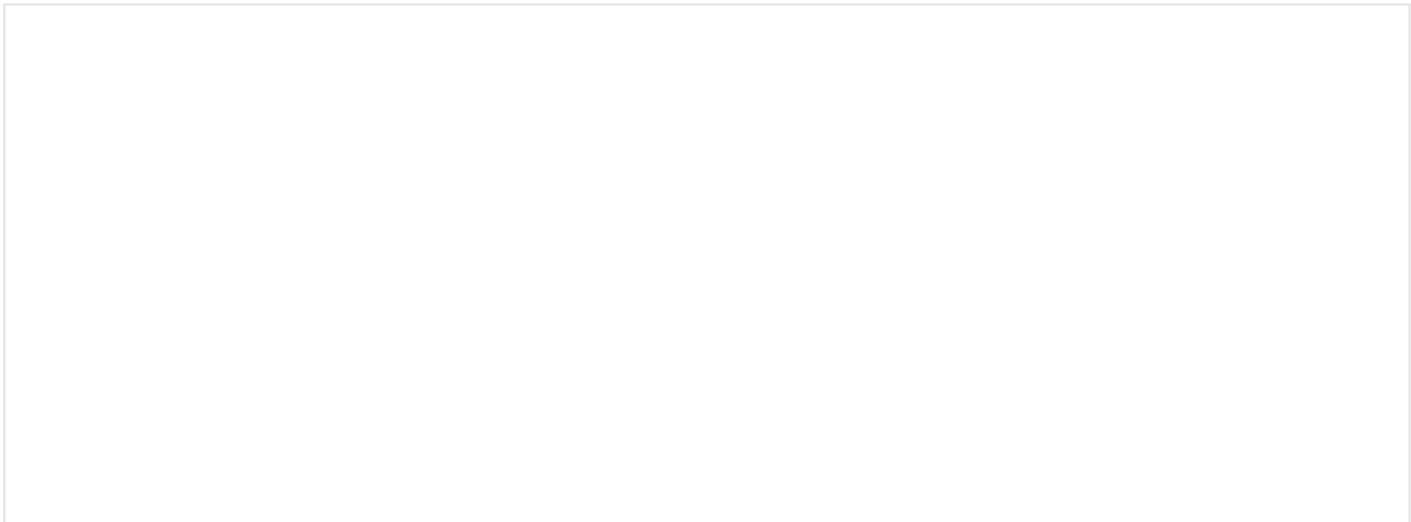
Alleged health benefits fraud ringleader can go to Disney, judge rules

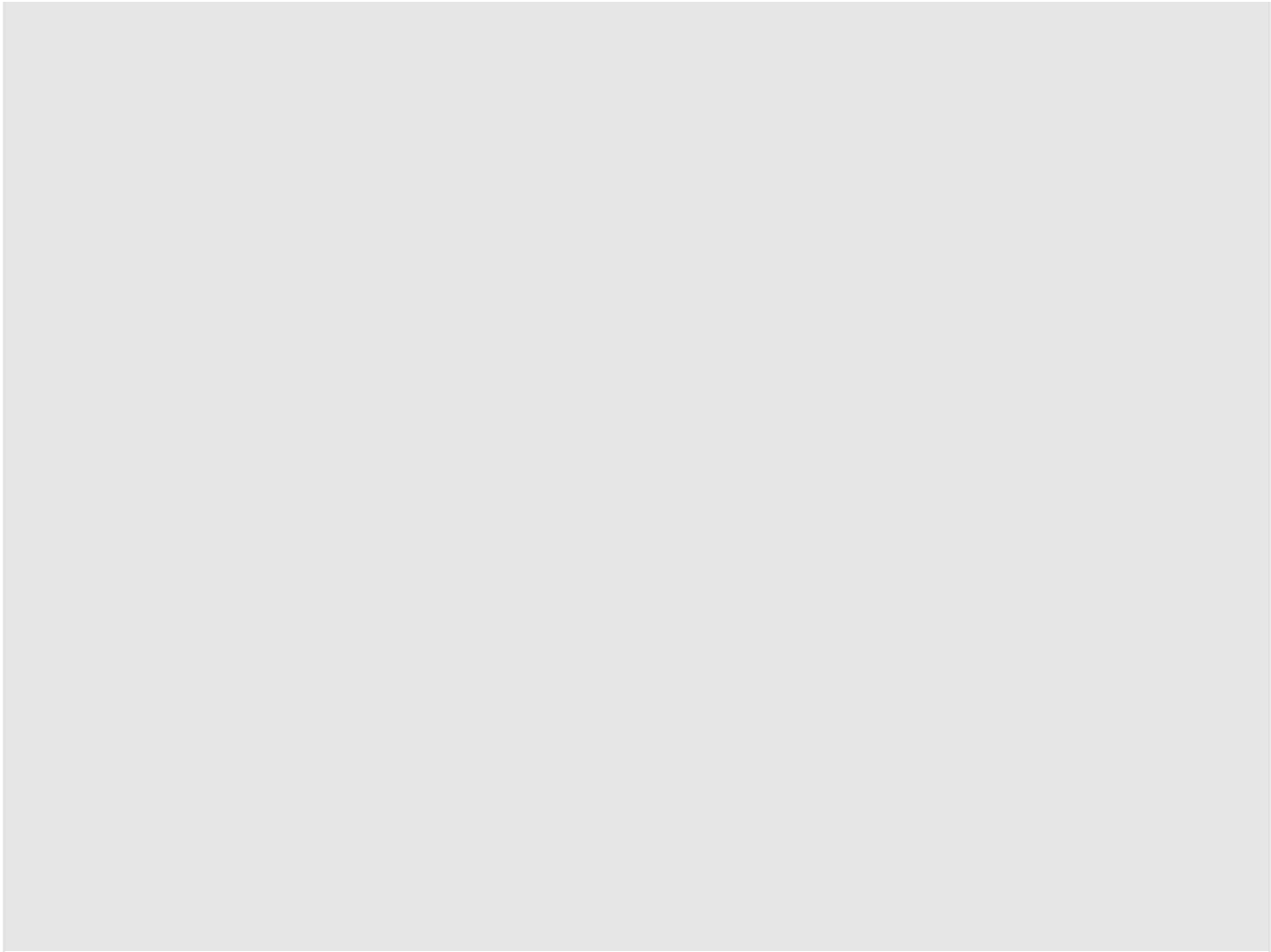


How the \$50M health benefits fraud scheme punishes consumers

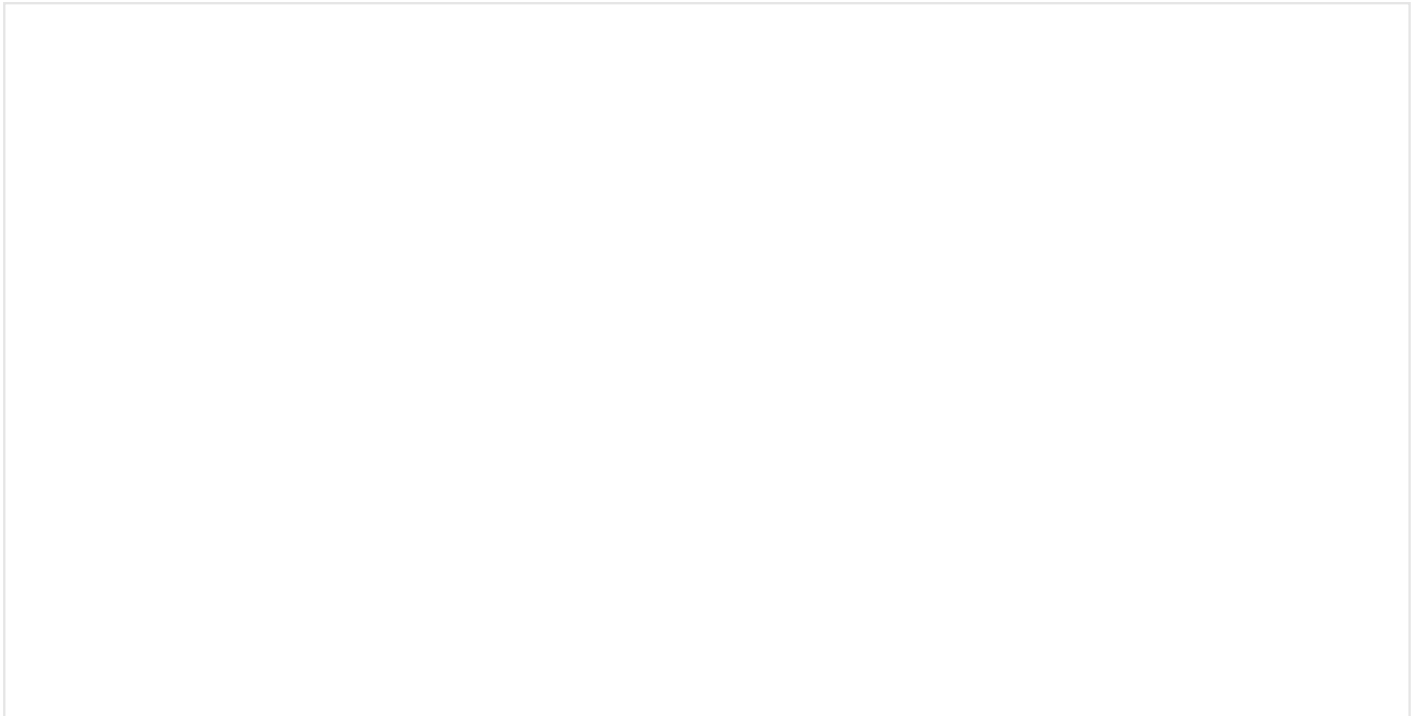


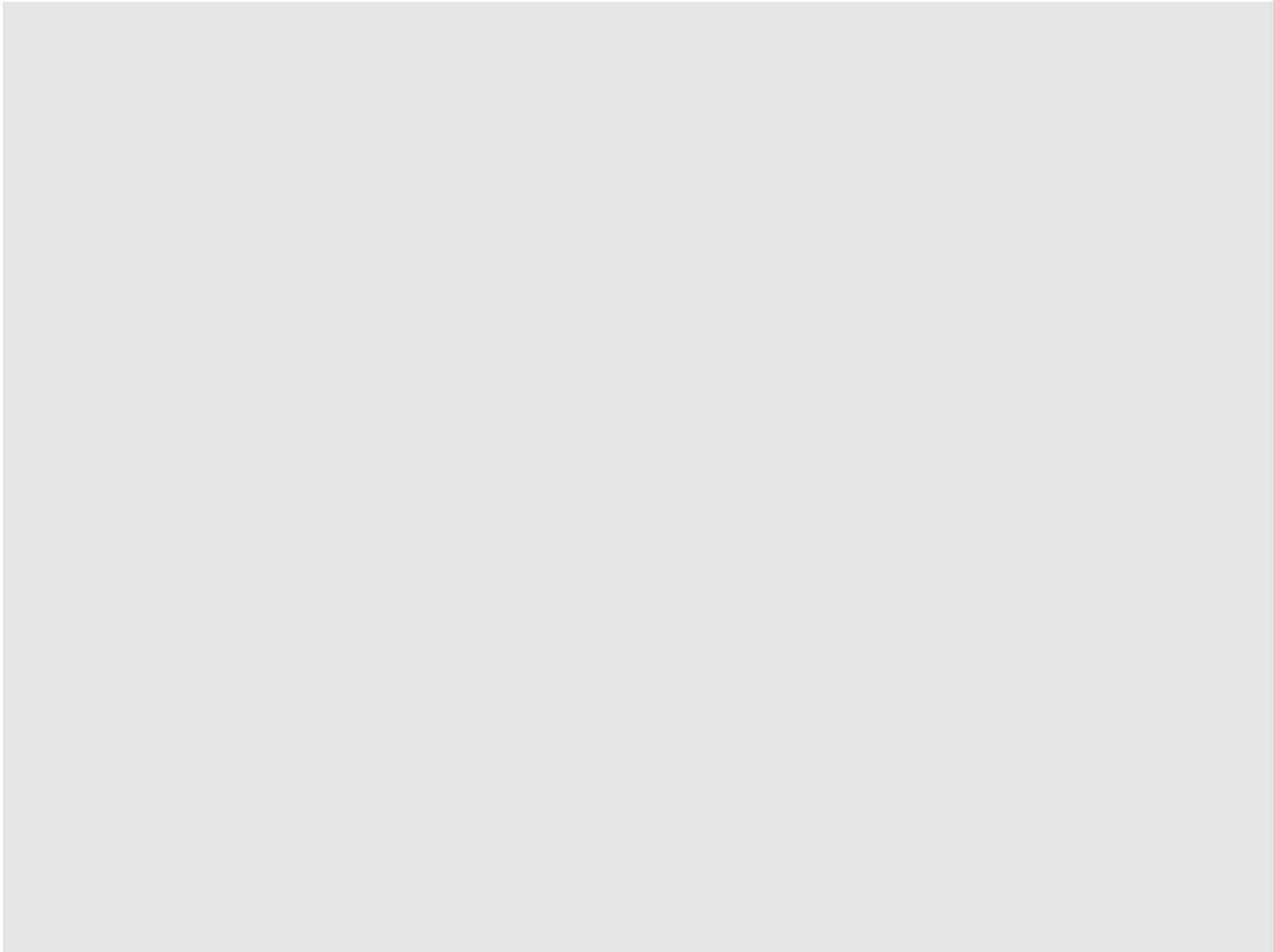
FAQ: Health benefits fraud





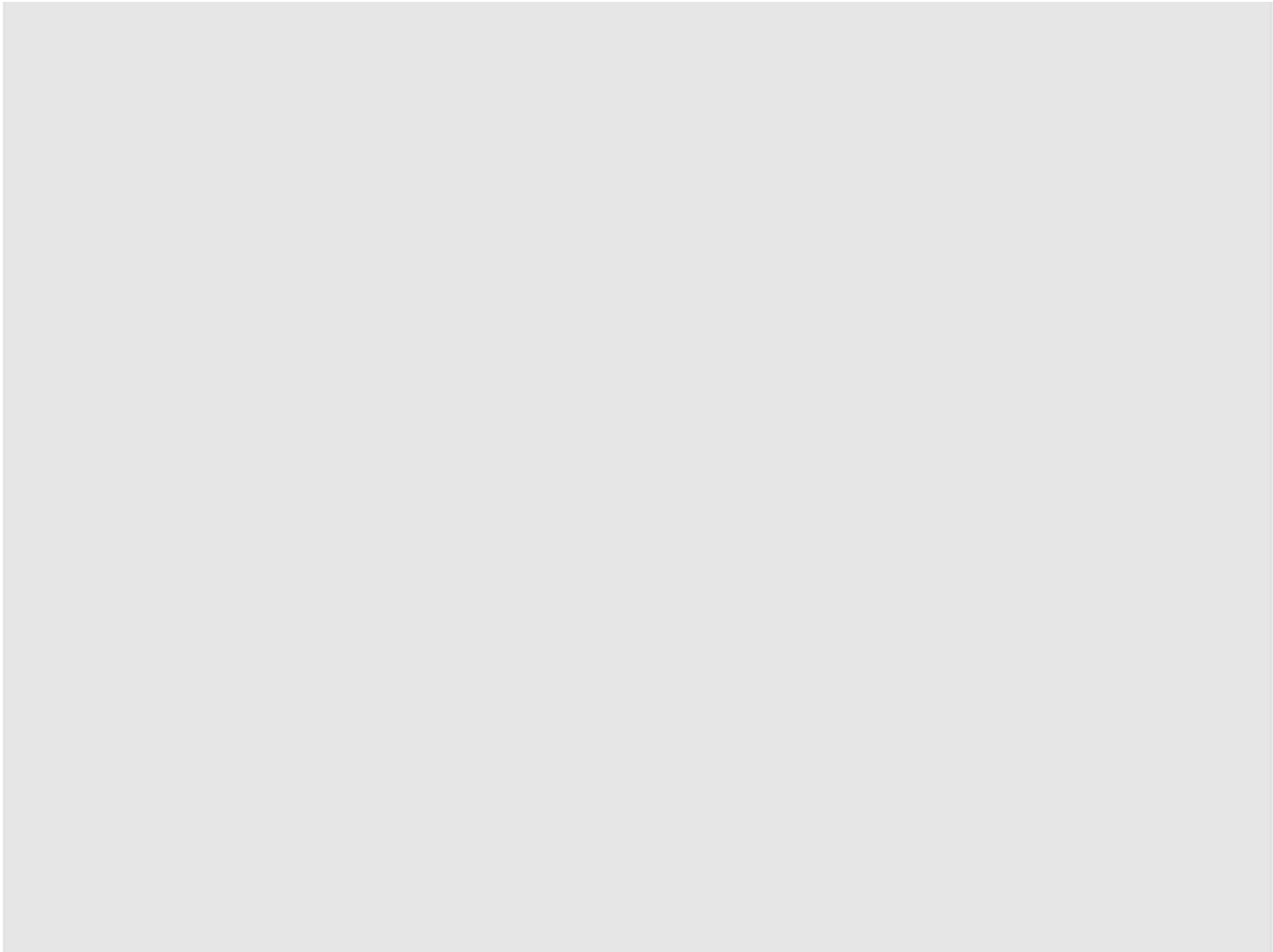
Alleged health benefits fraud ringleader to appear in court Friday



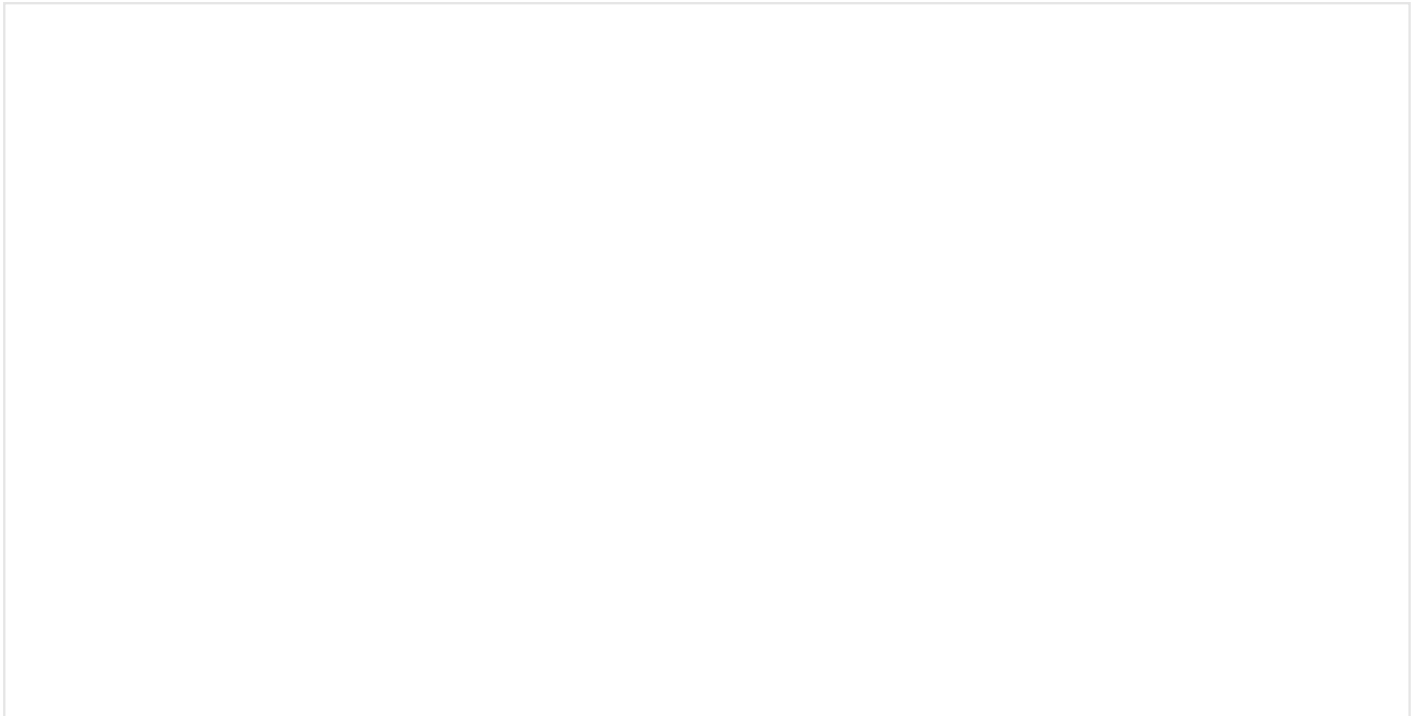


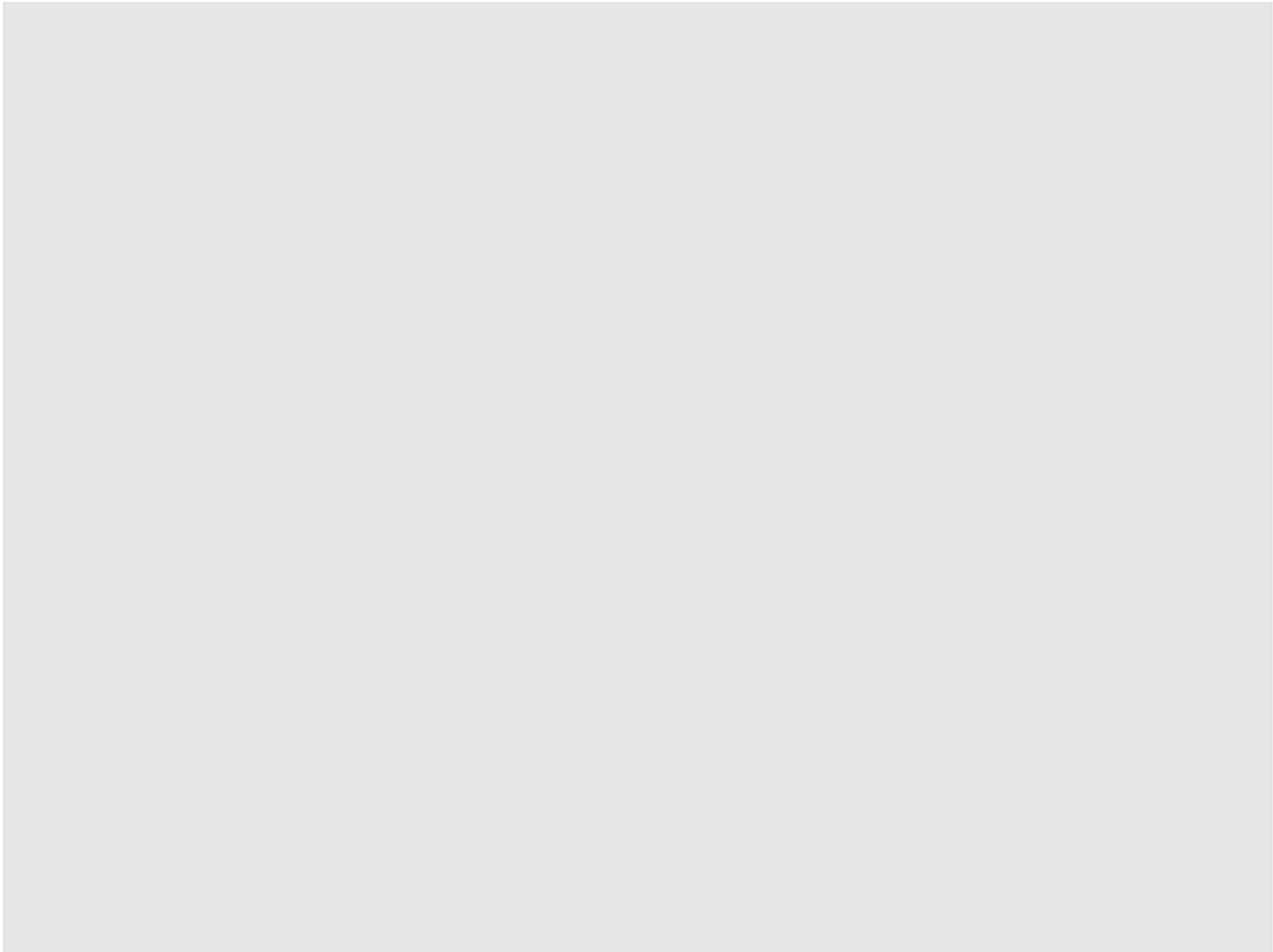
Police are cracking down on distracted driving in Atlantic, Cape May counties



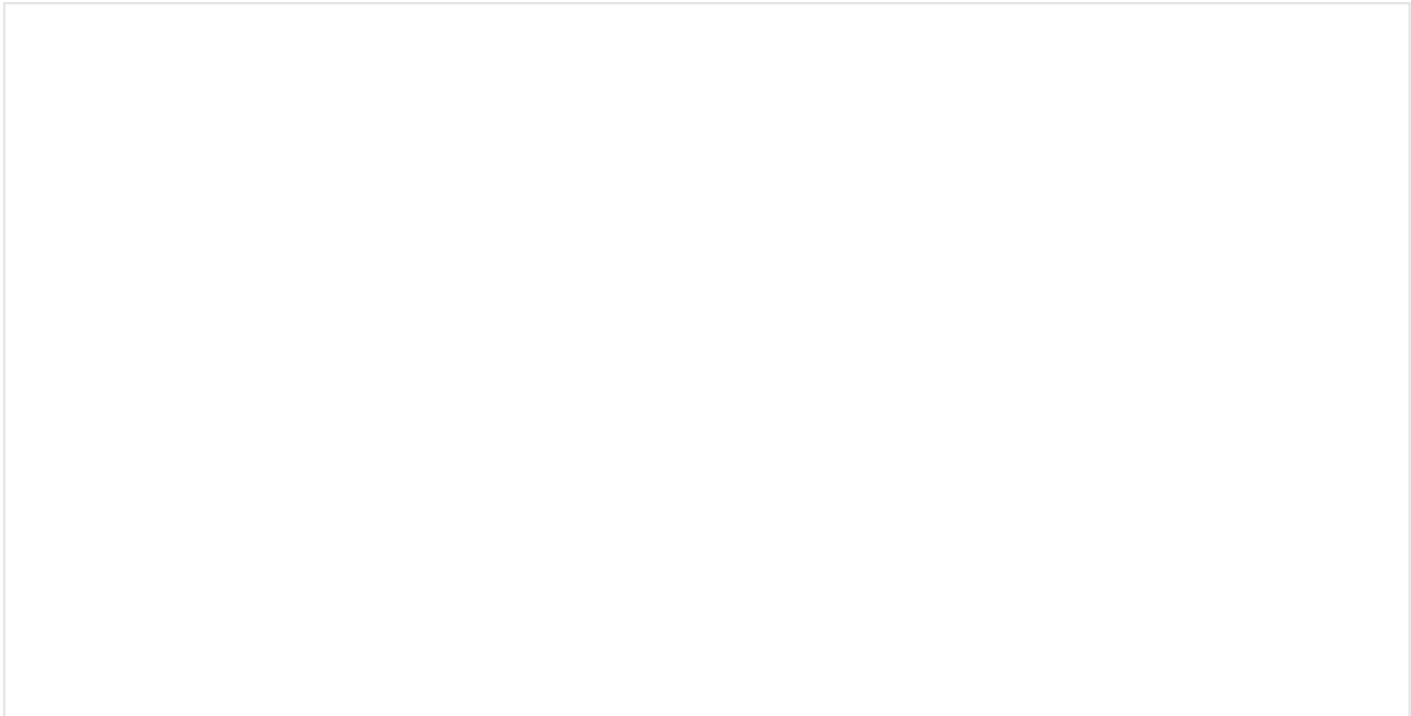


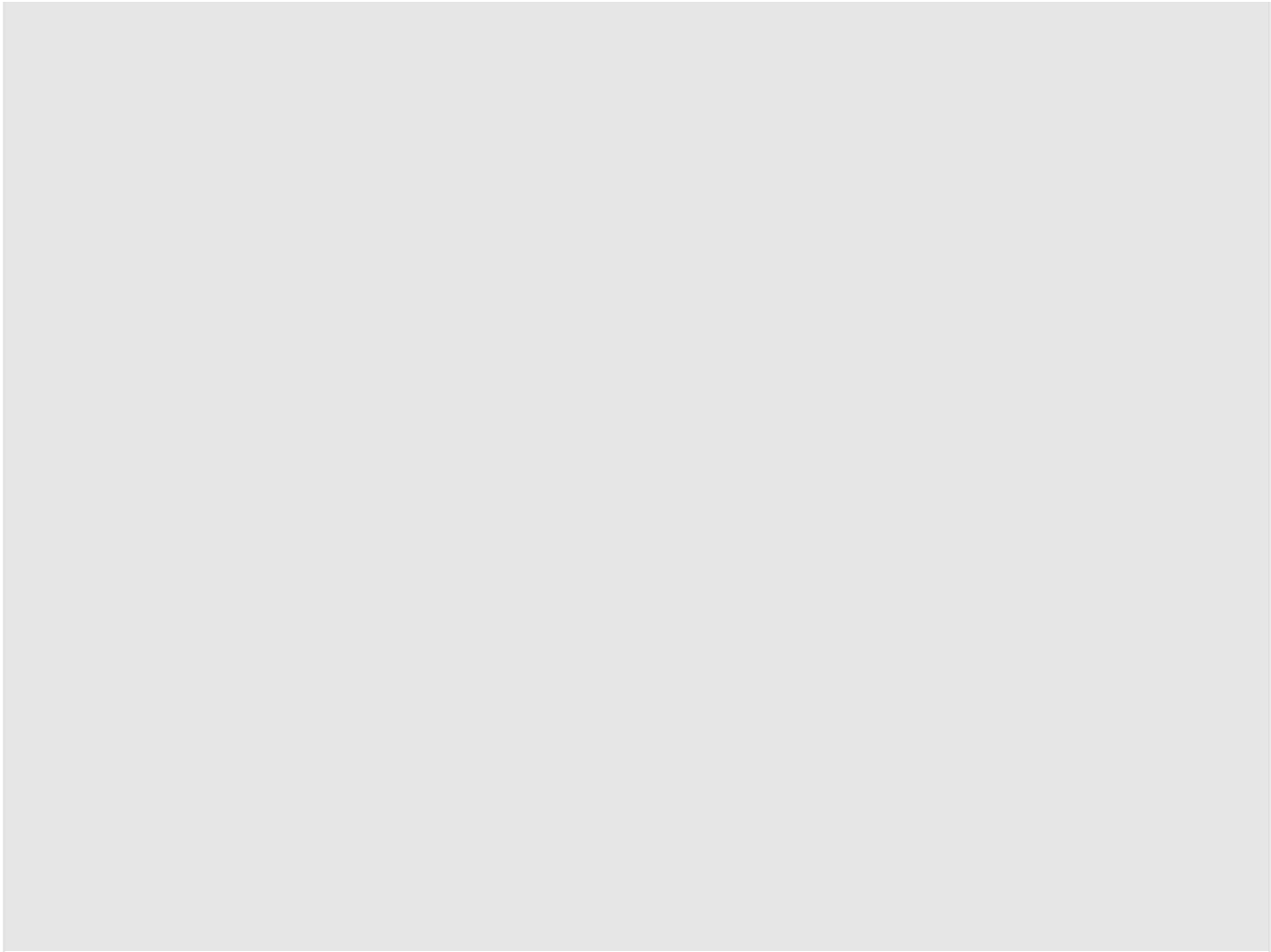
Atlantic City police arrest one, seek one in robbery



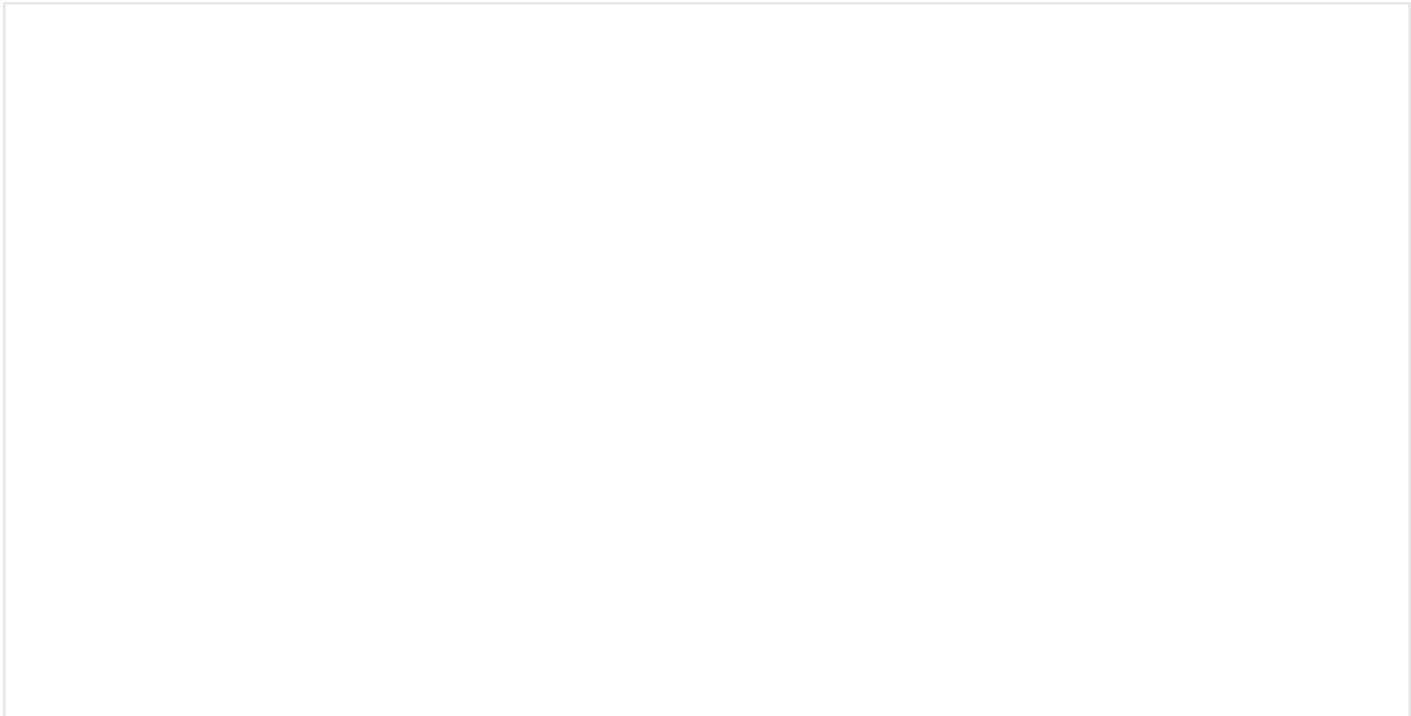


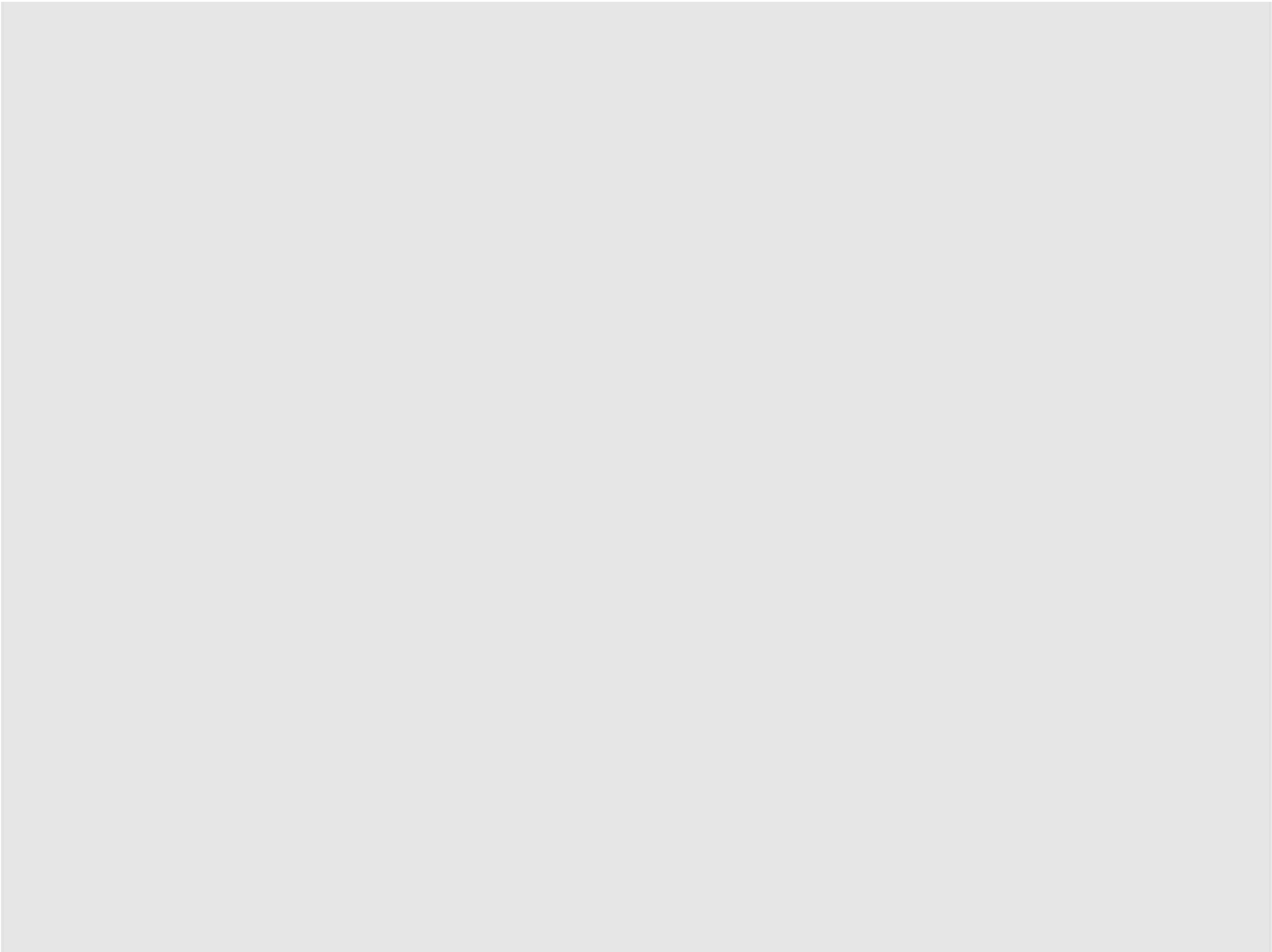
Atlantic City police arrest 12 in drug sting





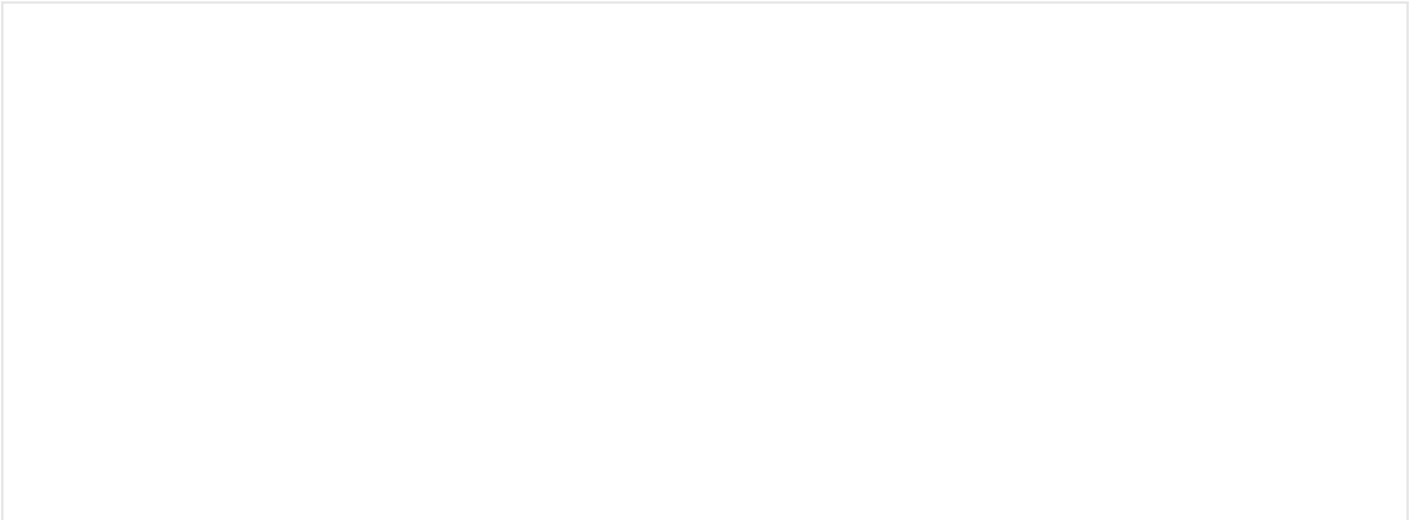
Margate, Middle Township receive transit grants

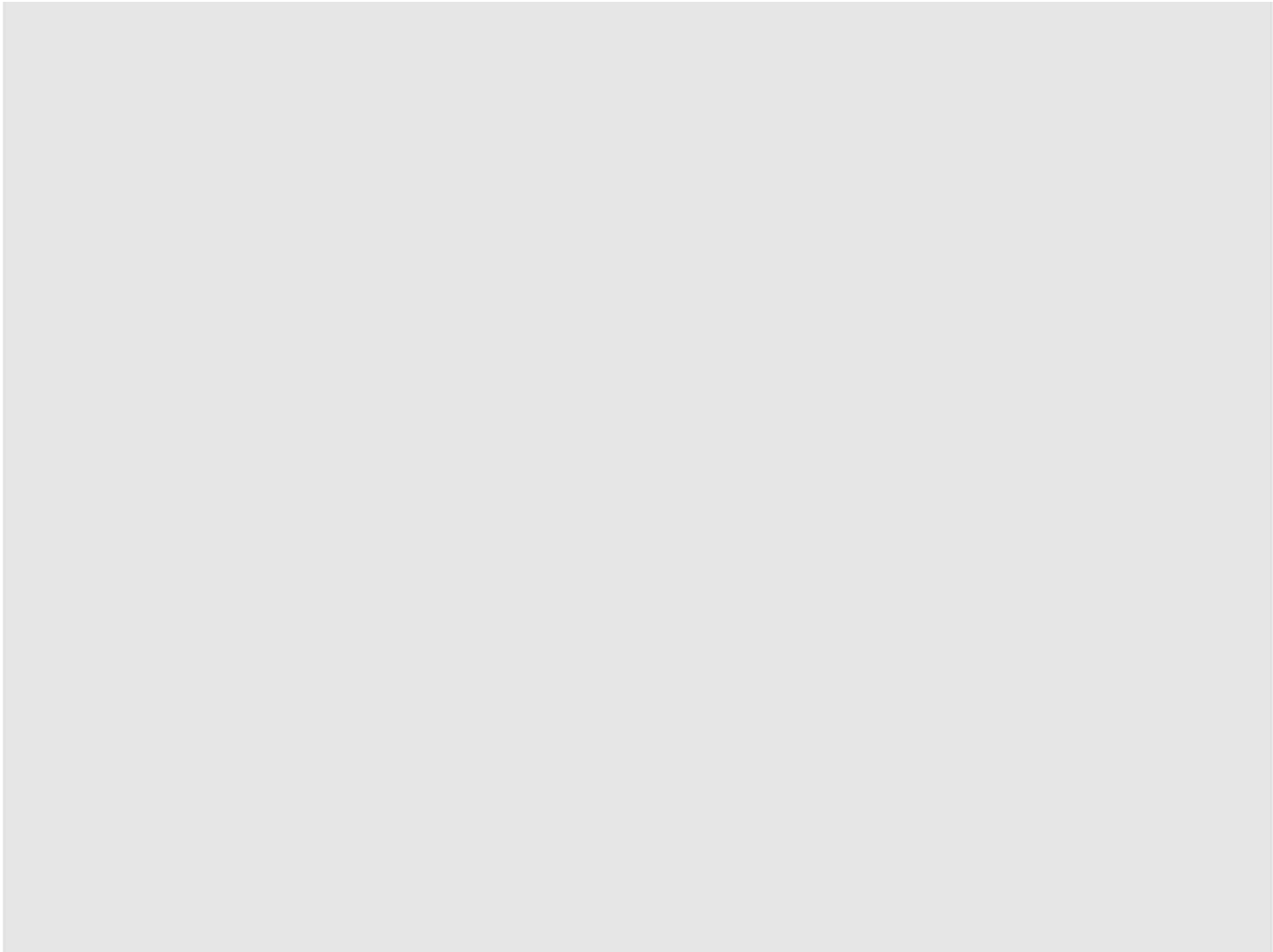




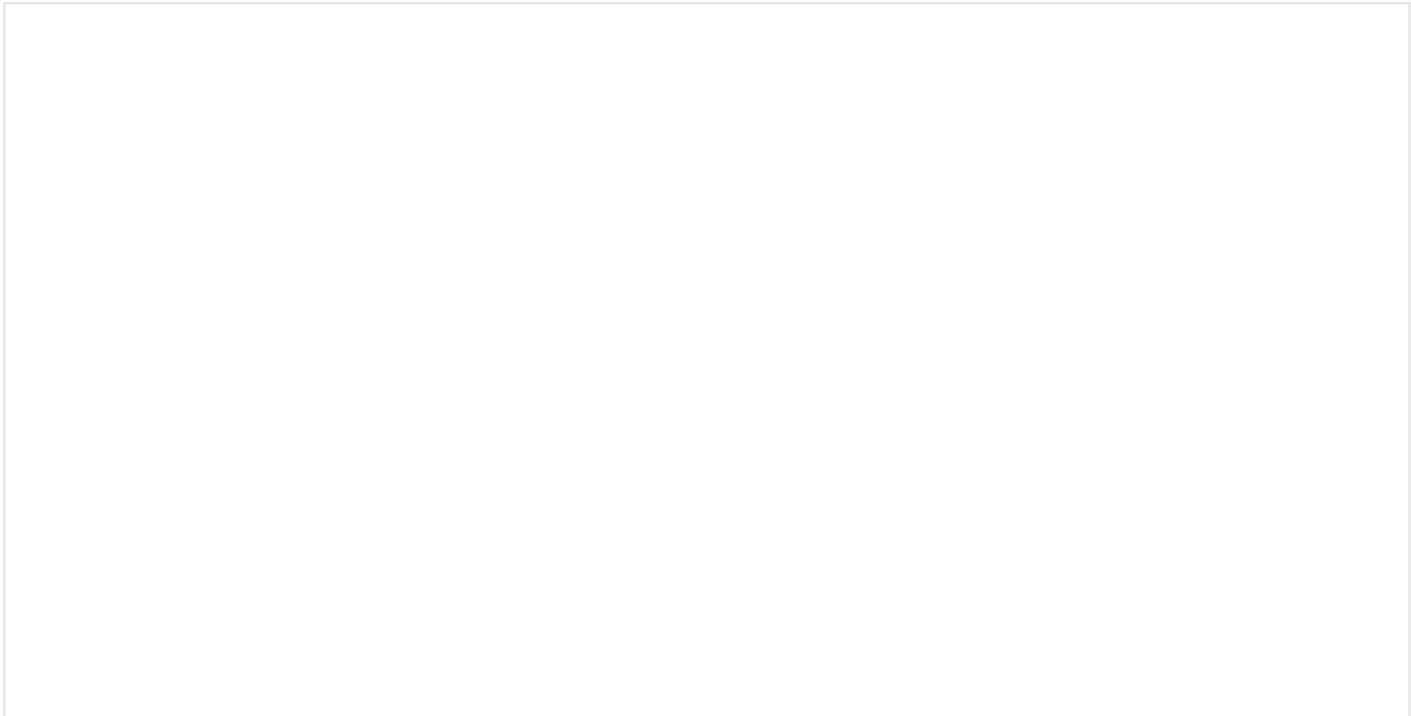
Another former Ventnor firefighter admits role in state health benefits fraud

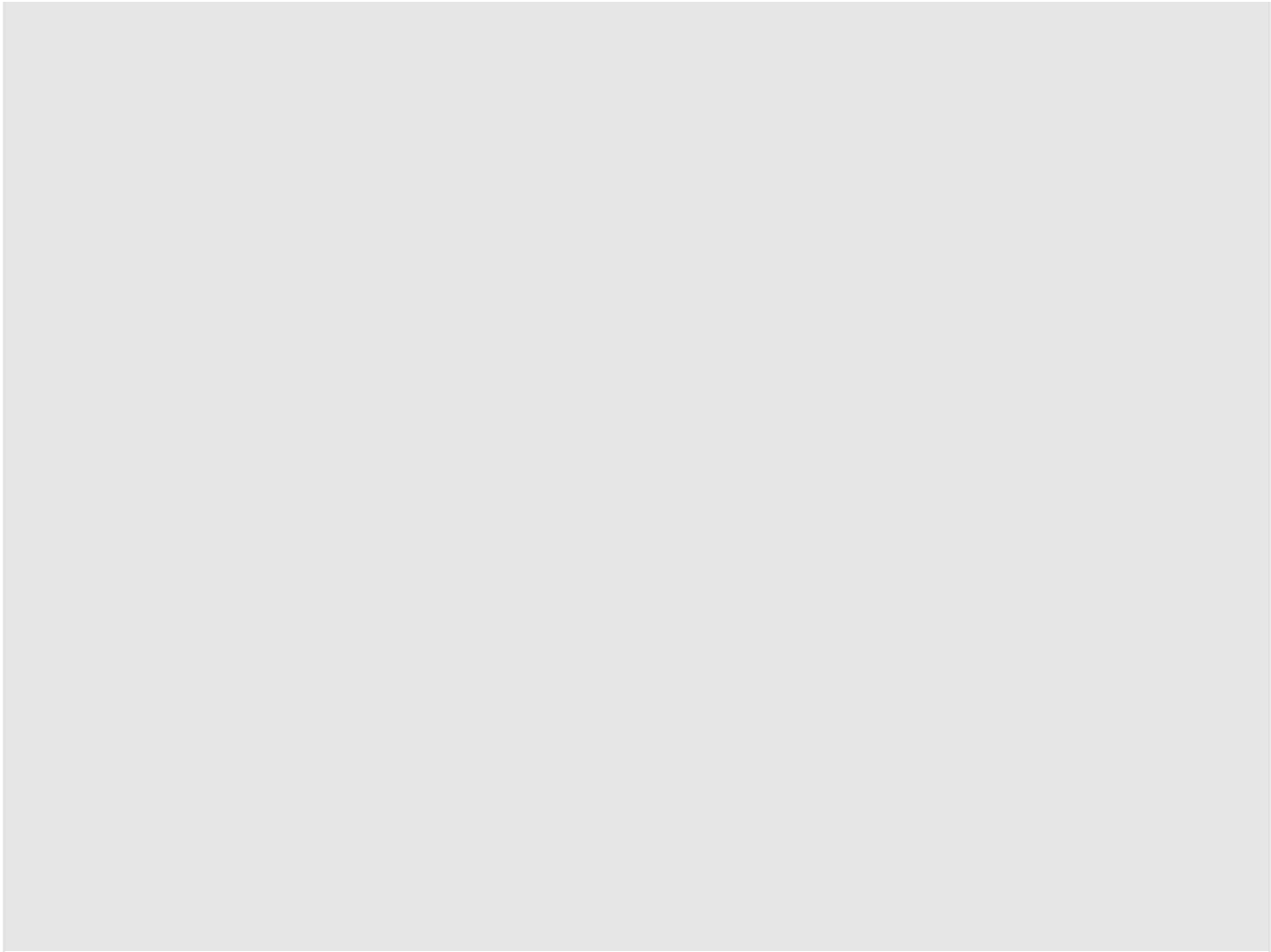
Faith in government, justice at stake in prescription fraud punishment



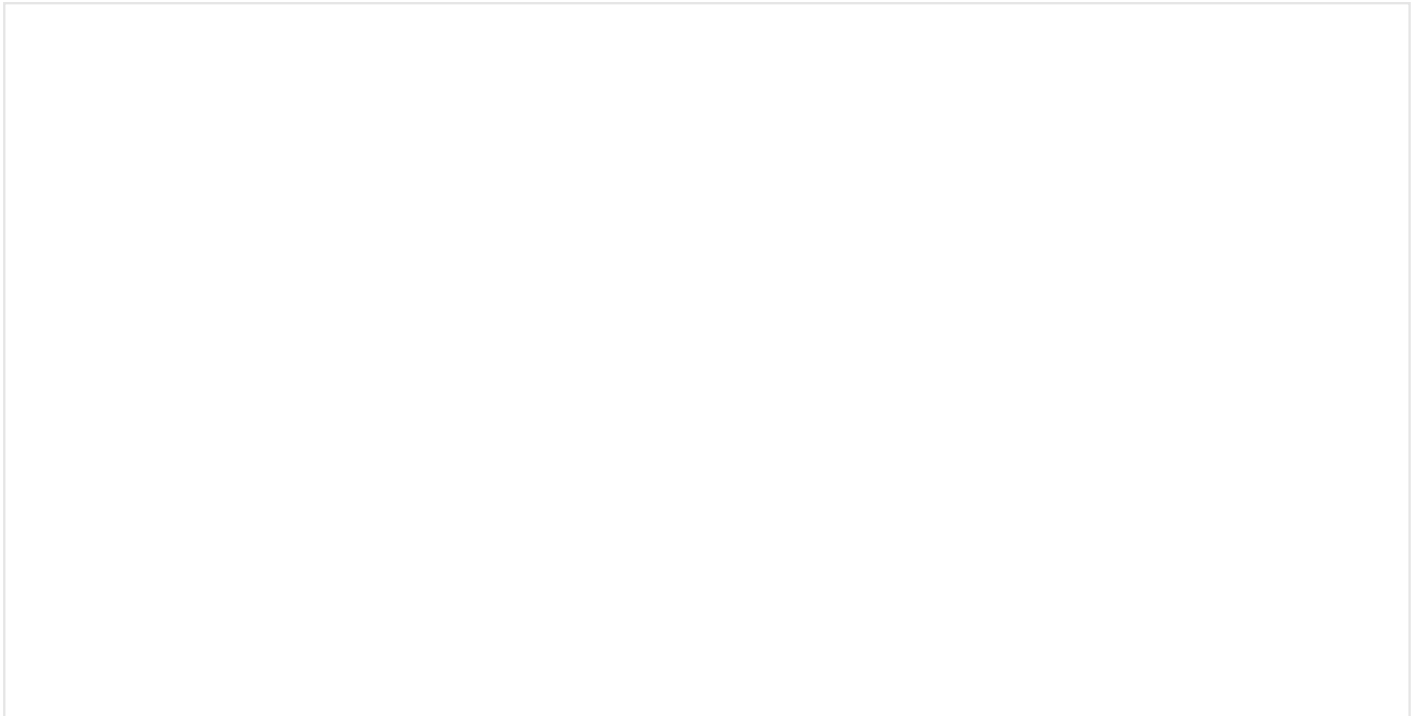


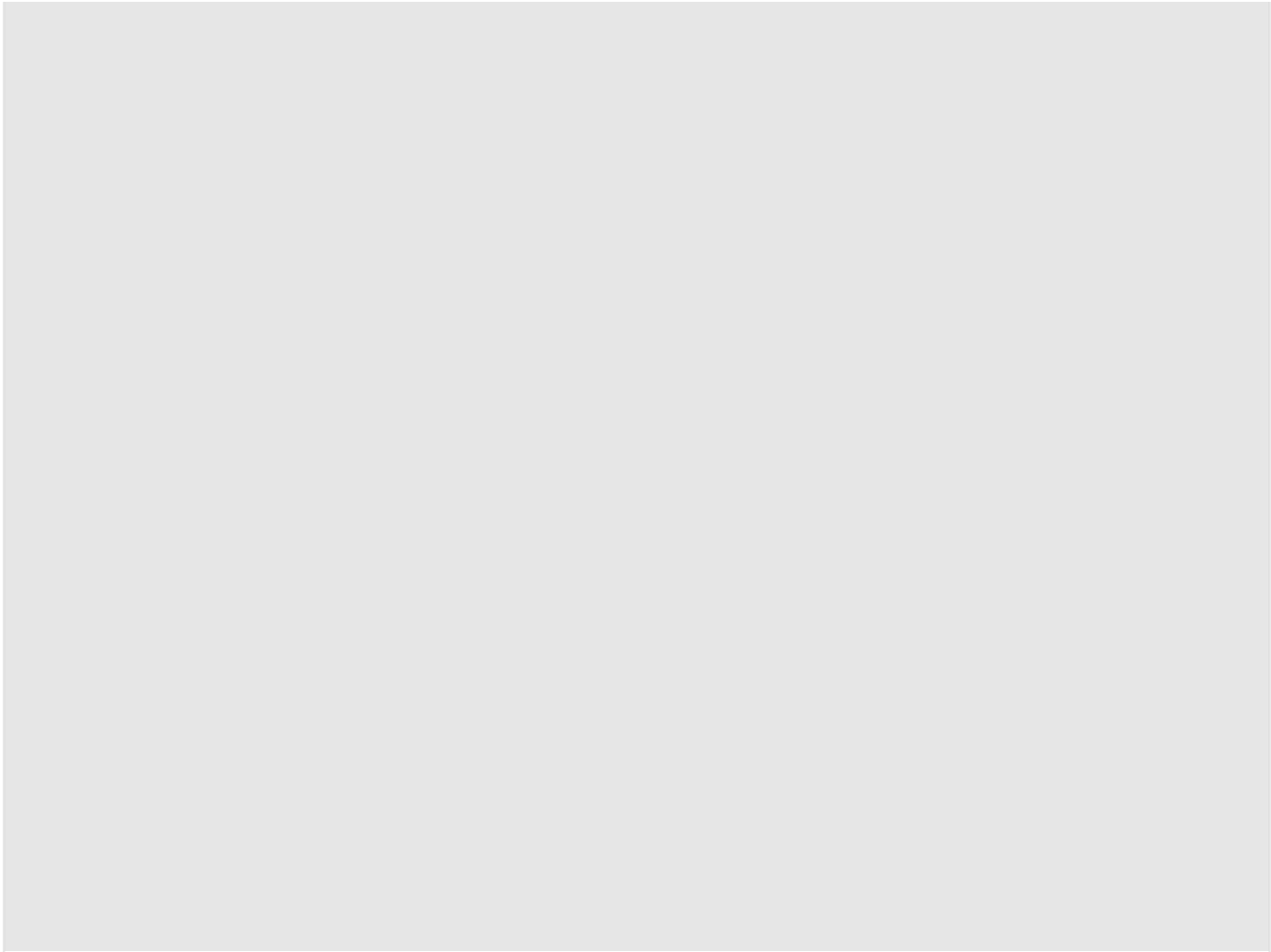
AC firefighter union, state get more time to negotiate promotions





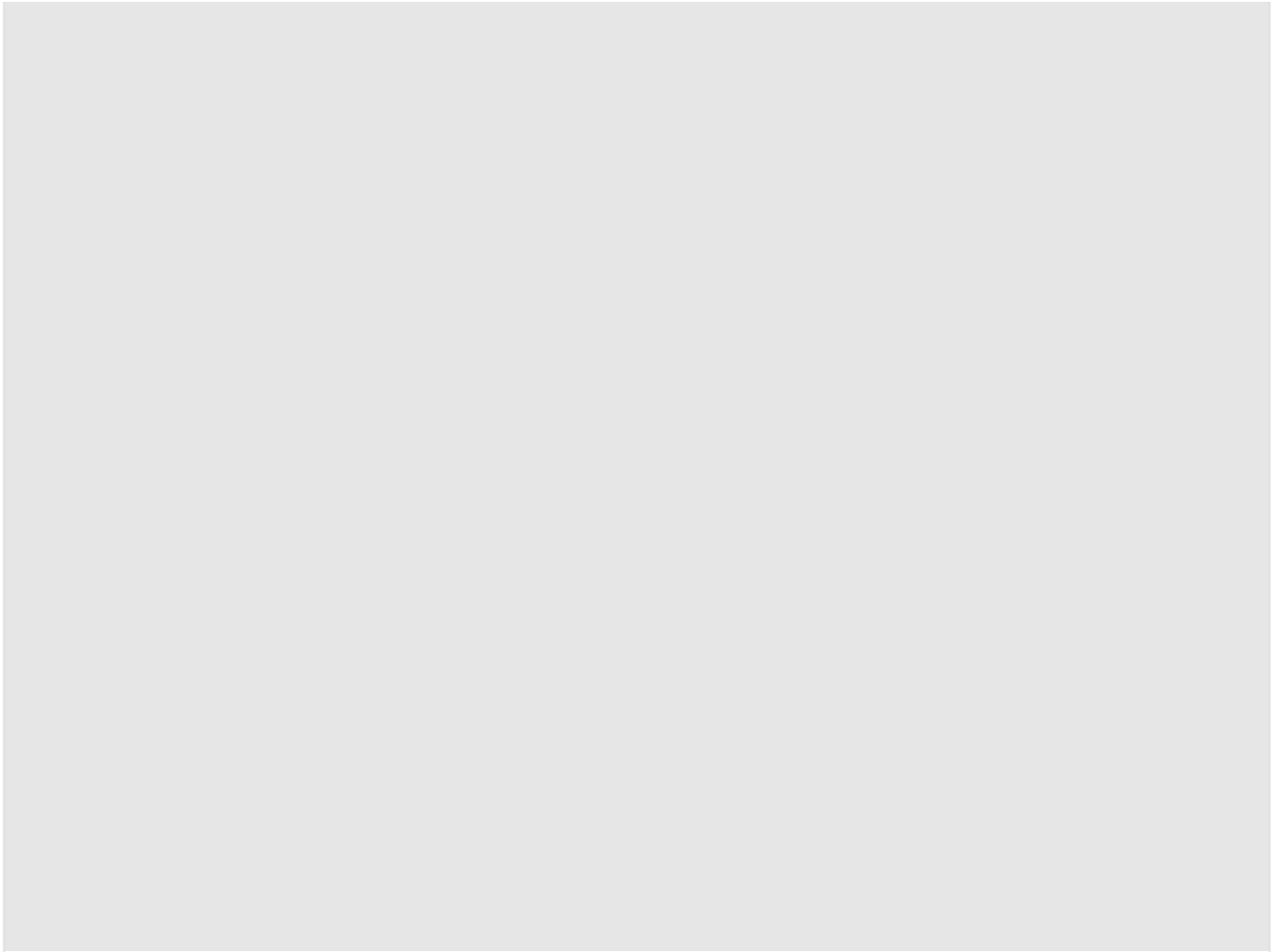
2 men charged with DWI in Middle after 2 accidents in chaotic Friday night



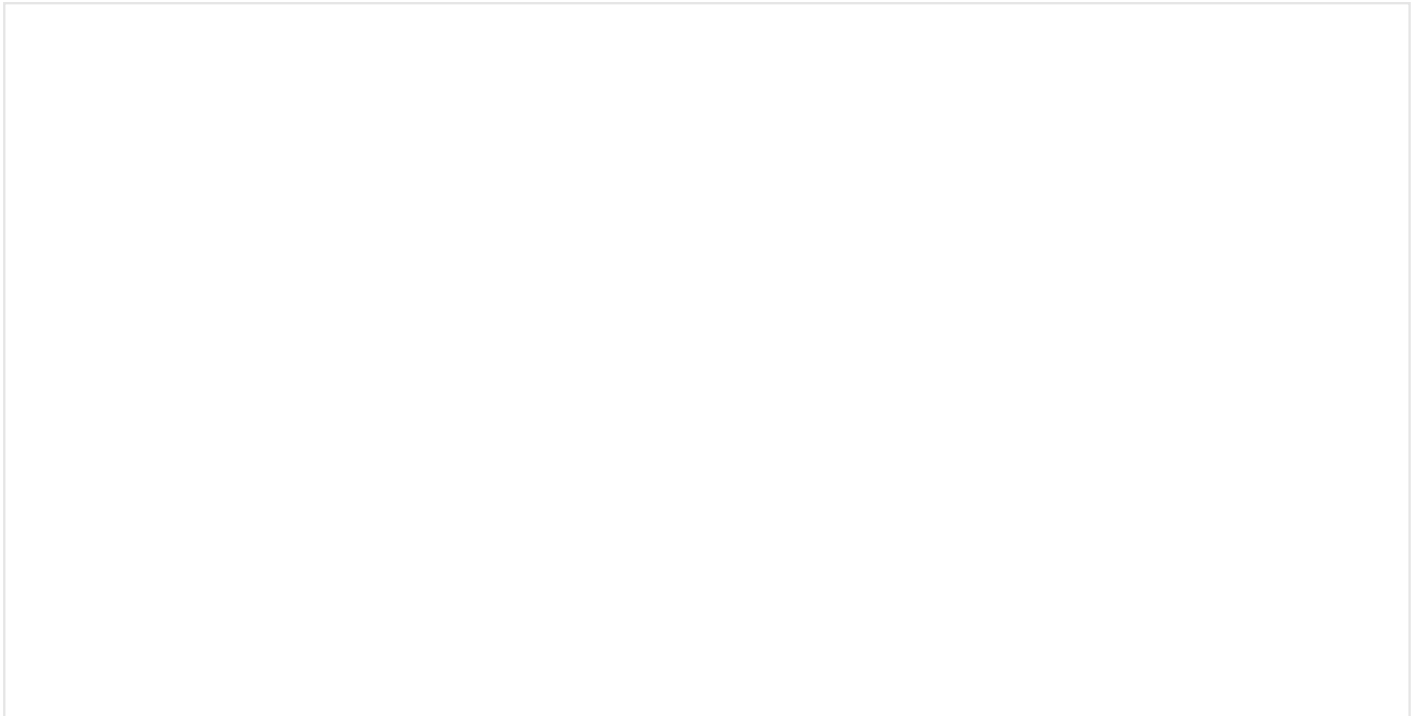


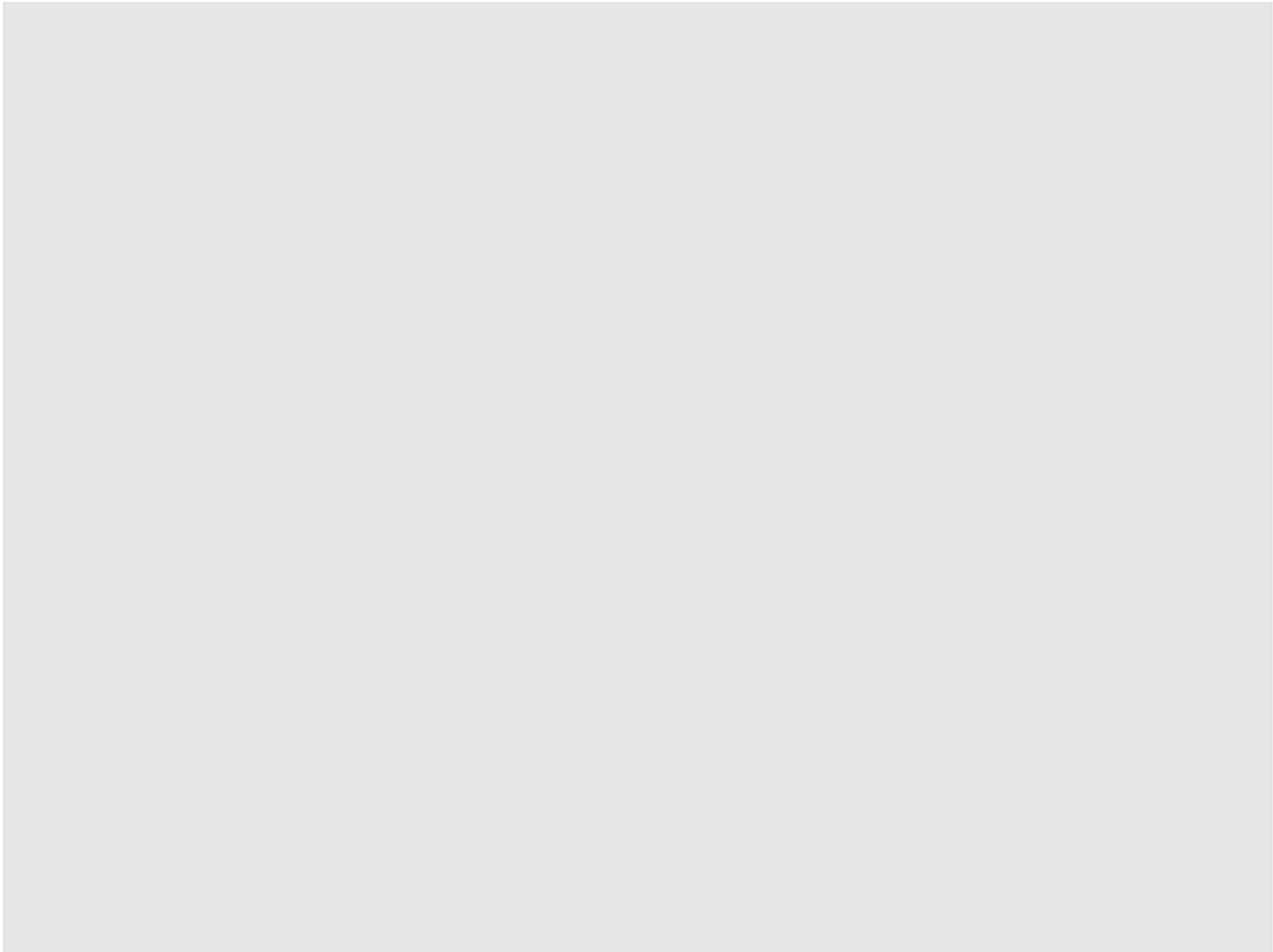
Prescription fraud case defendants to appear in U.S. District Court



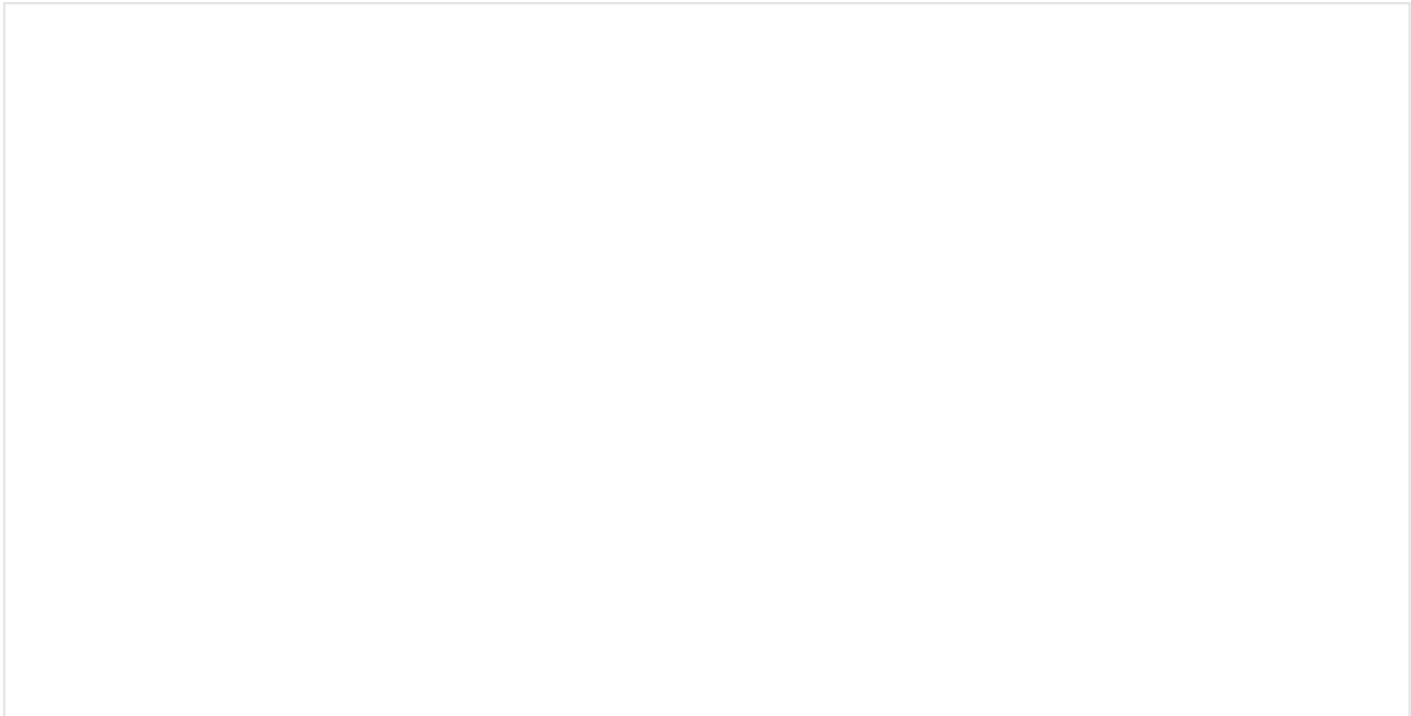


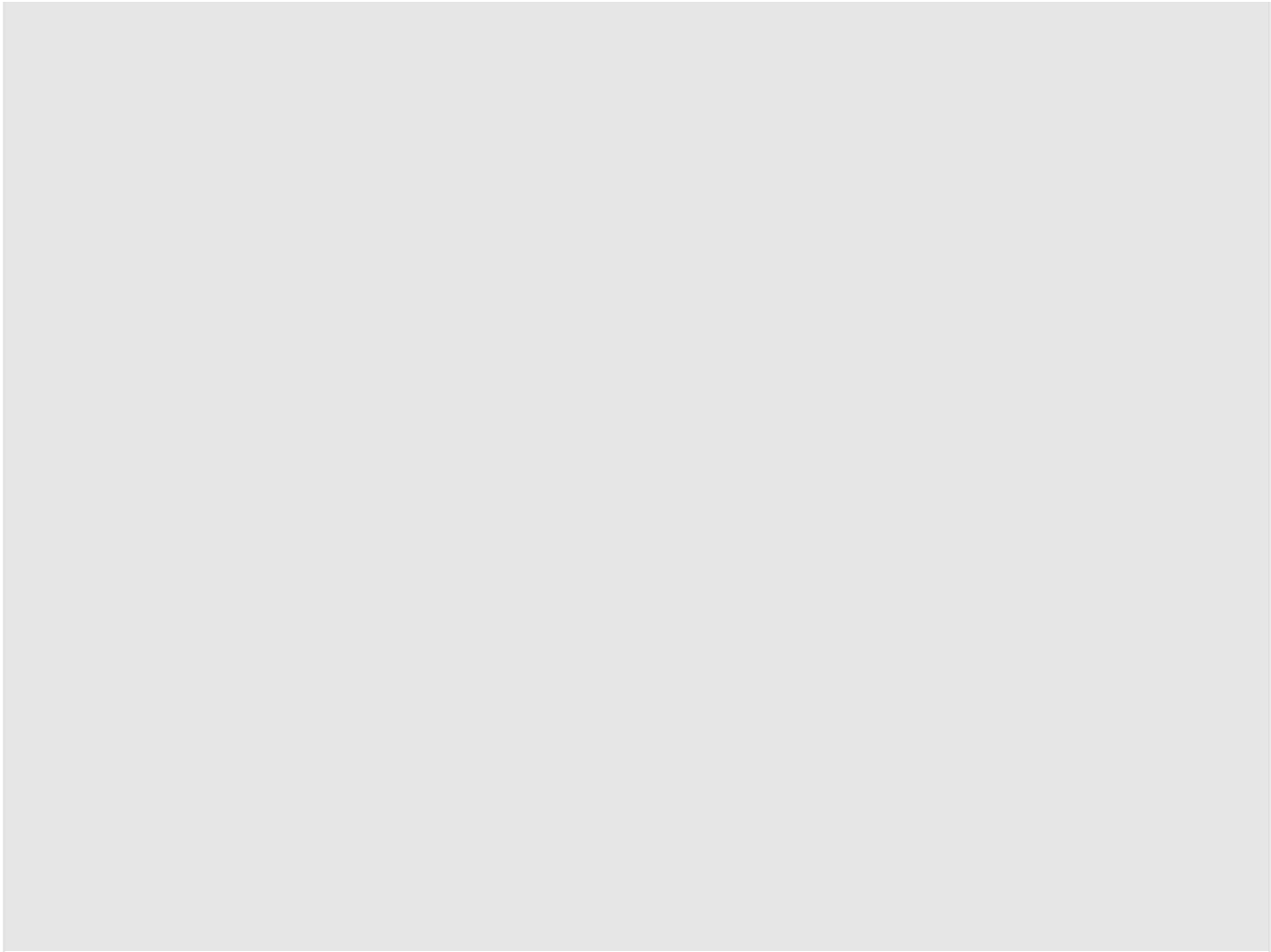
Attorneys in prescription fraud case get more time to review evidence



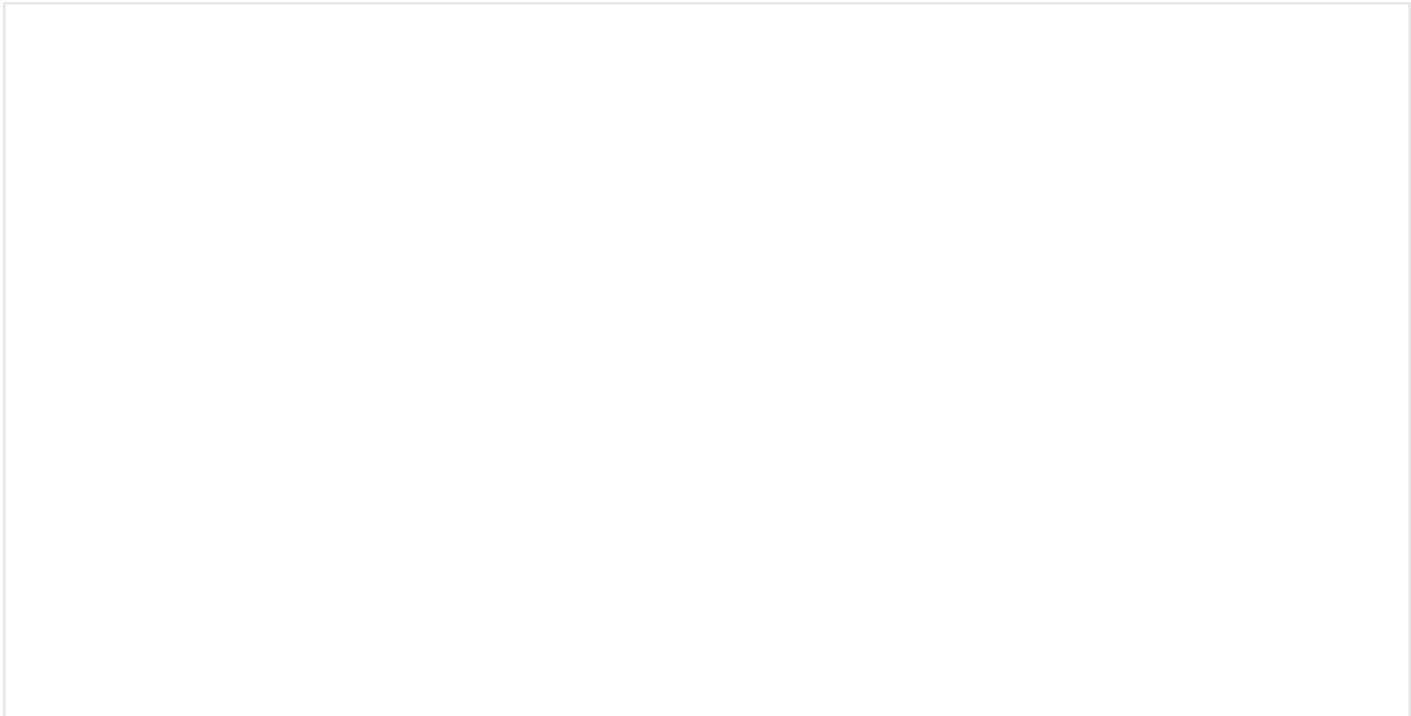


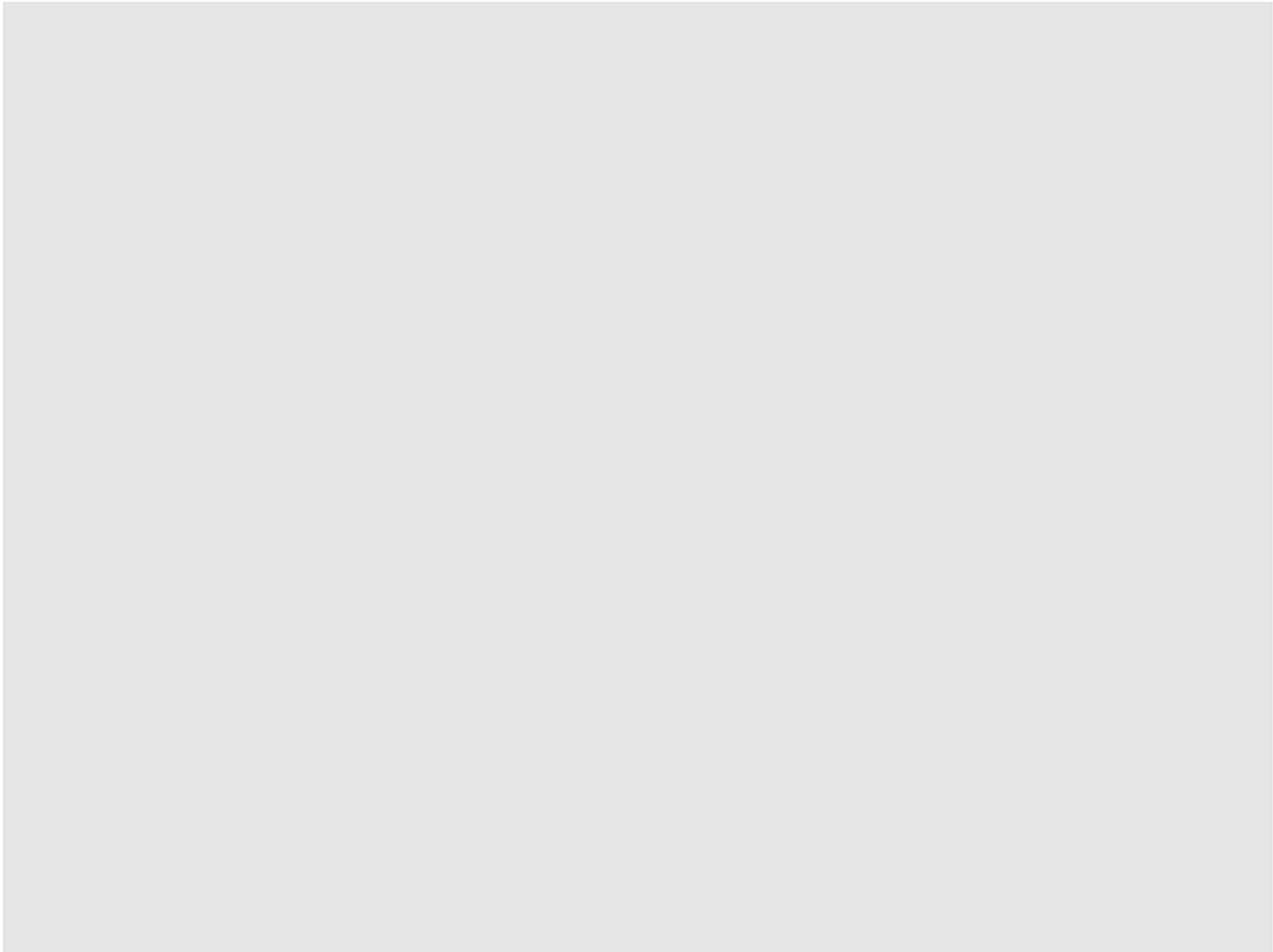
Morris County man pleads guilty to pharmaceutical fraud





Stafford Township woman first sentenced in prescription fraud case



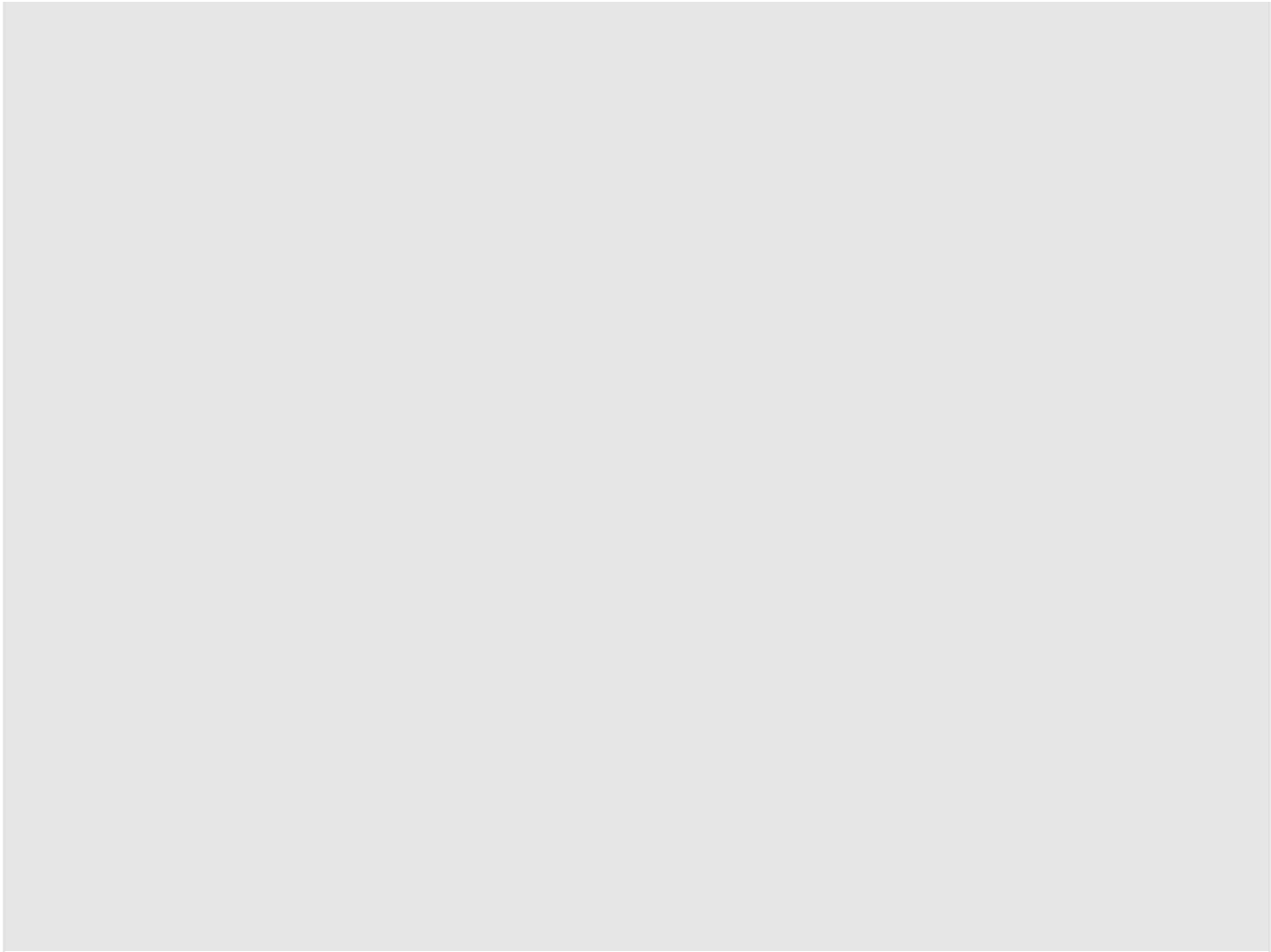


Attorneys in pharmaceutical fraud case request more time to analyze 500K documents

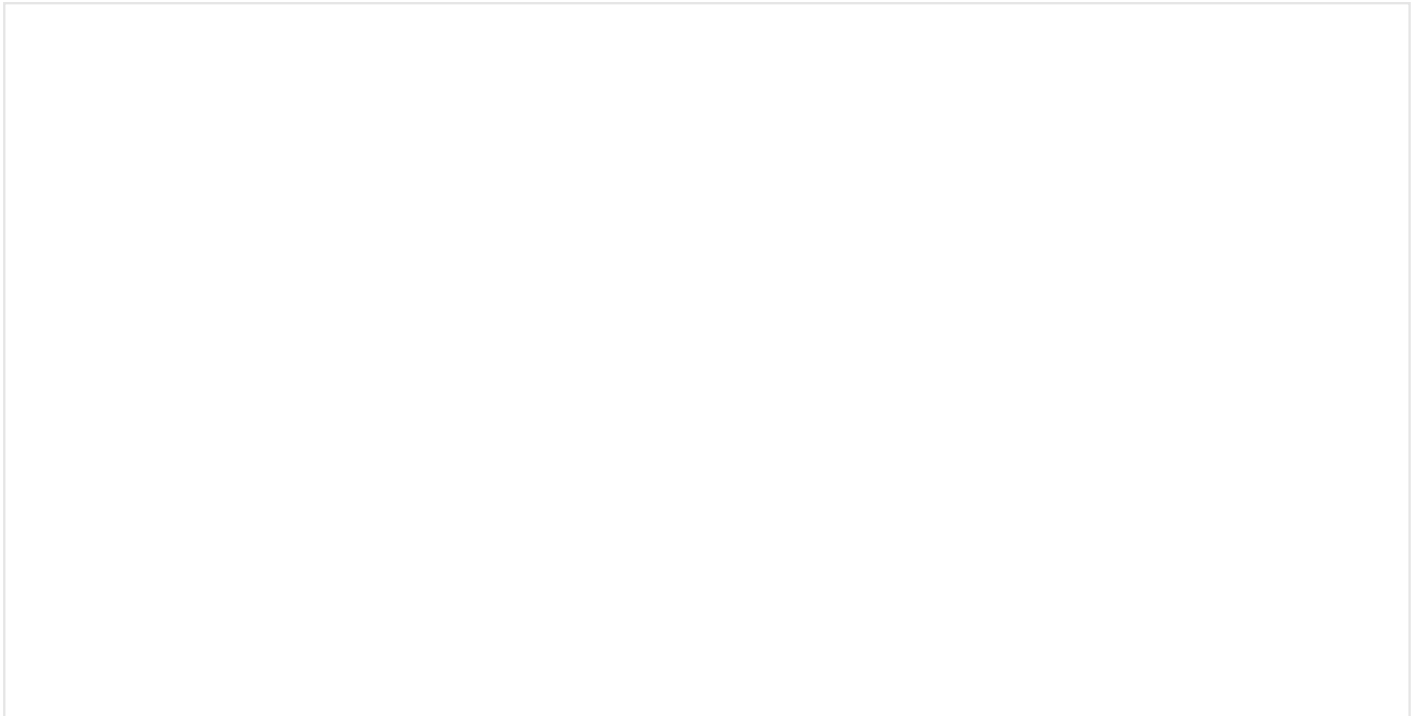


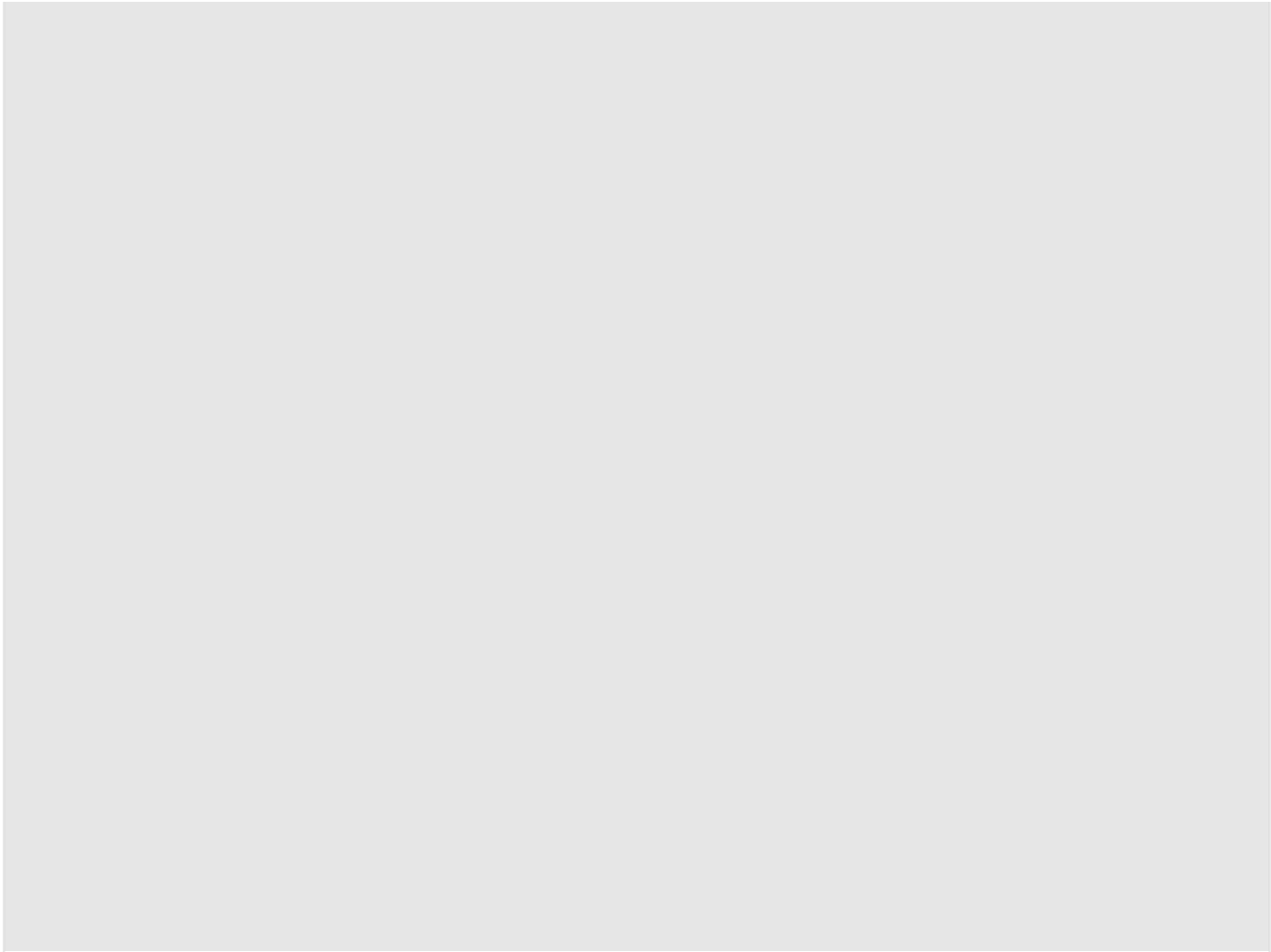


2 doctors, 3 associates charged in ongoing health benefits fraud case



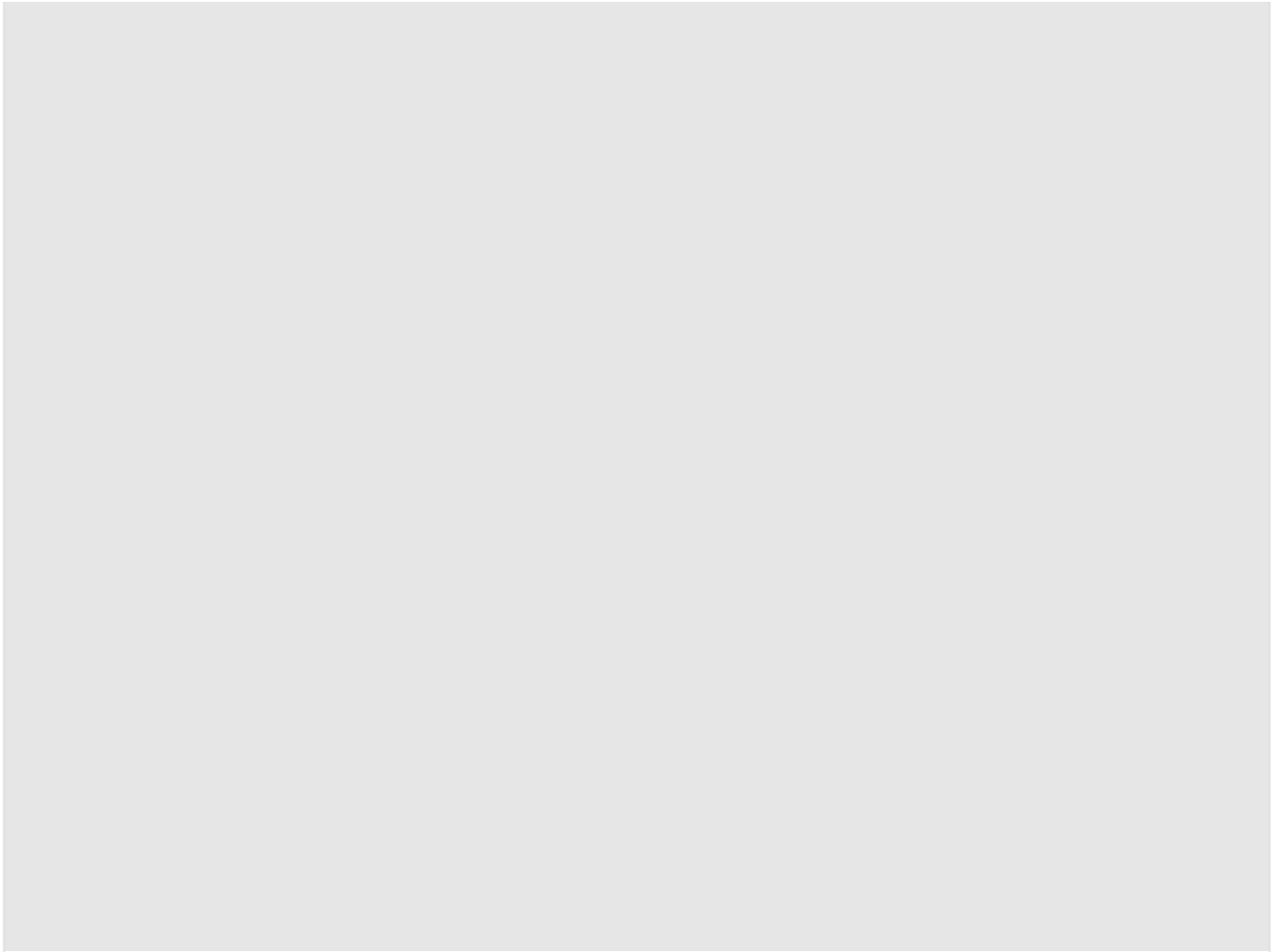
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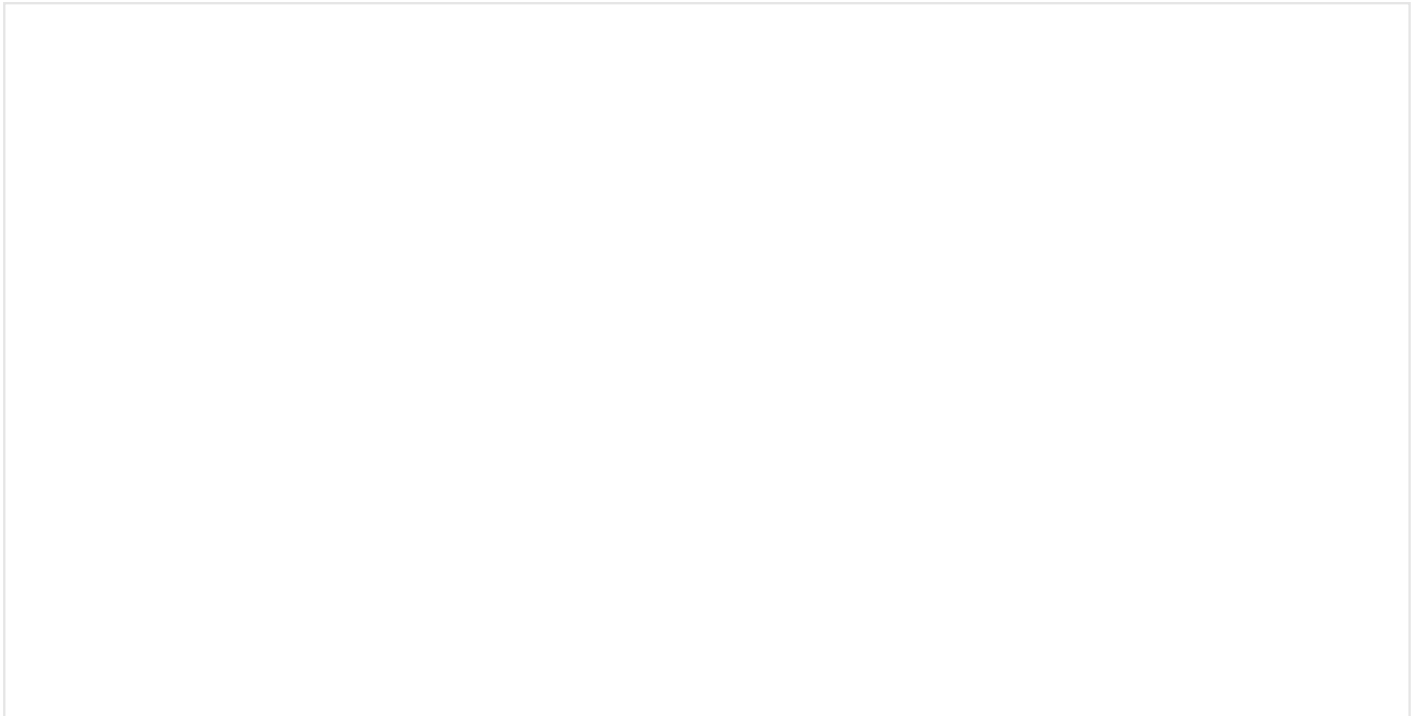


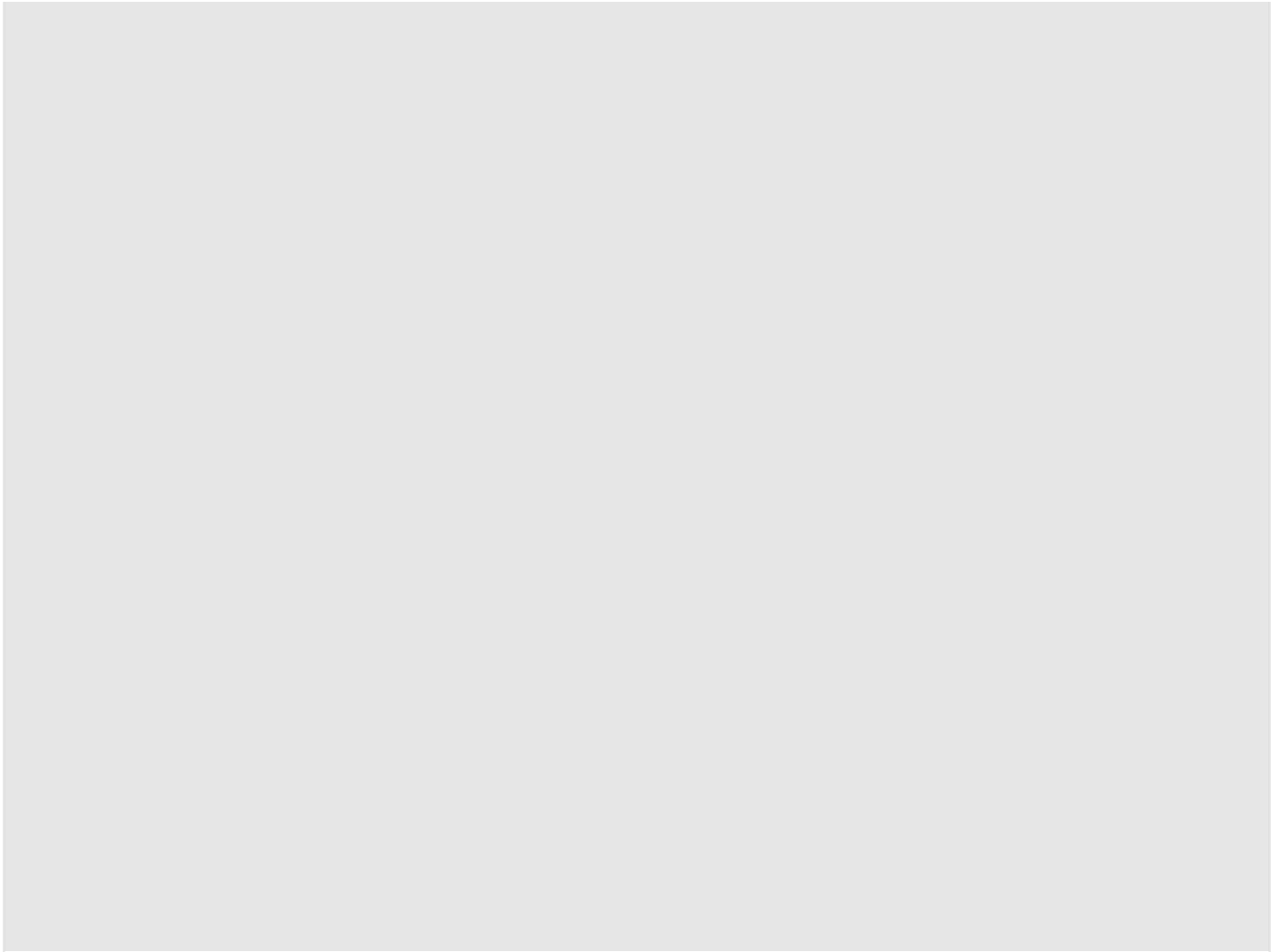
Court date for prescription fraud case postponed



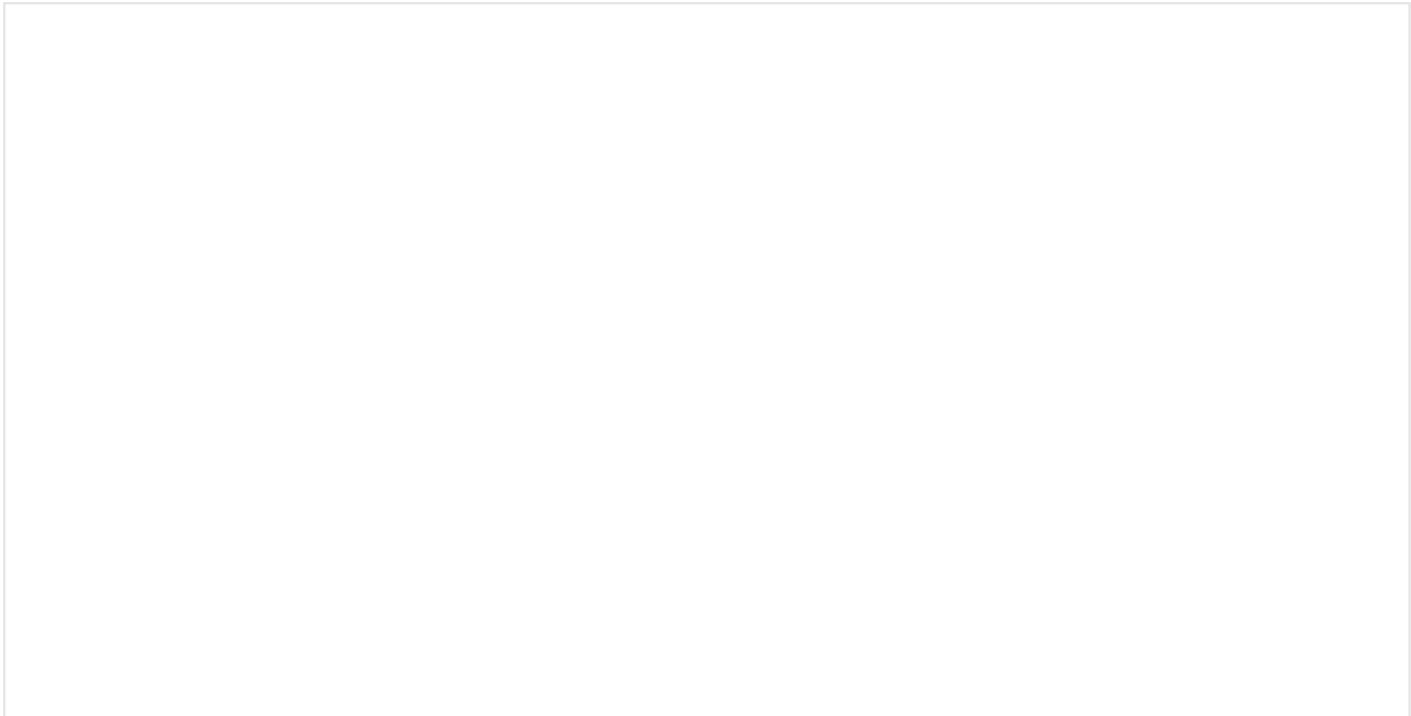


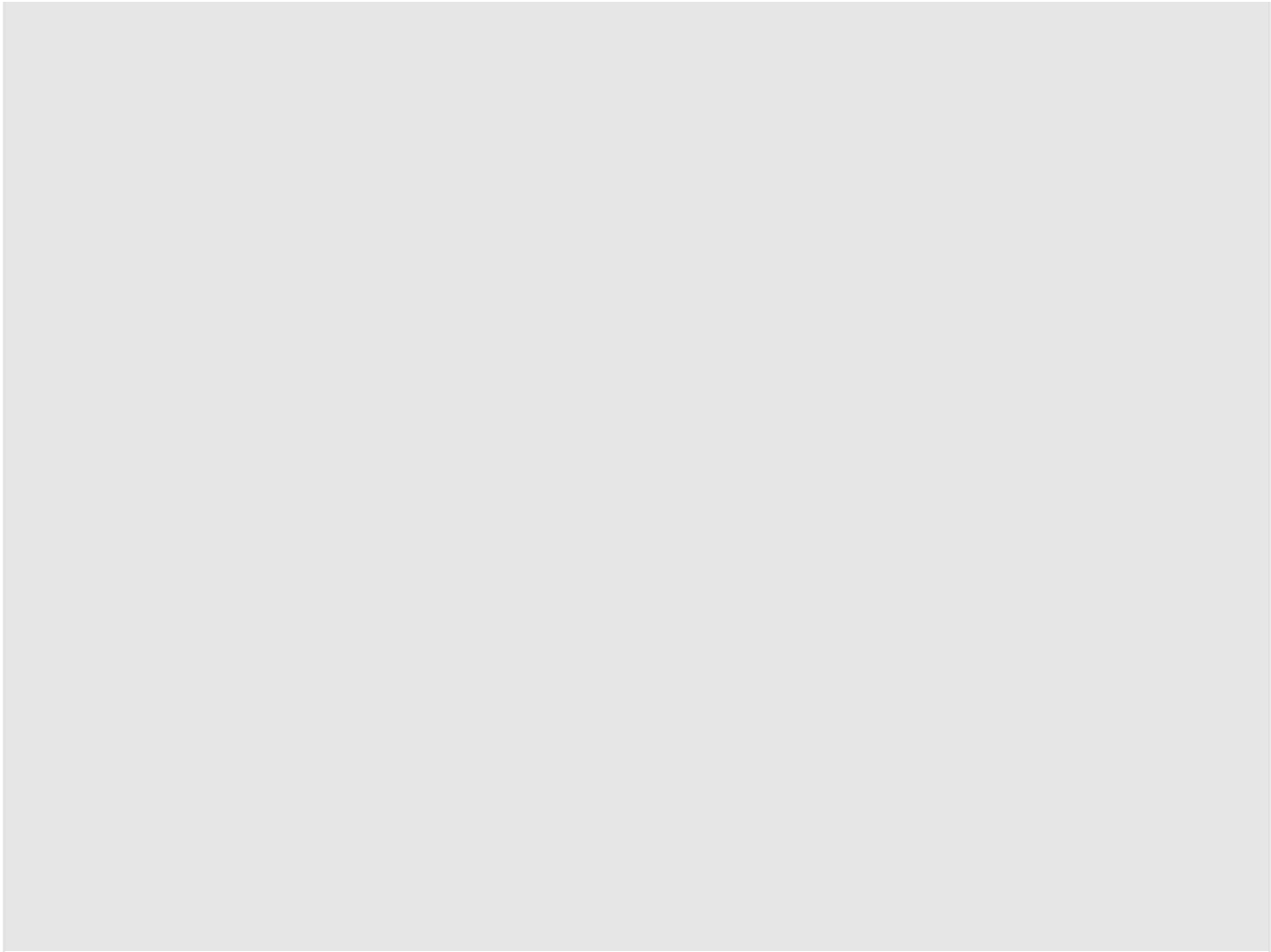
Prescription fraud case defendants to appear in U.S. District Court





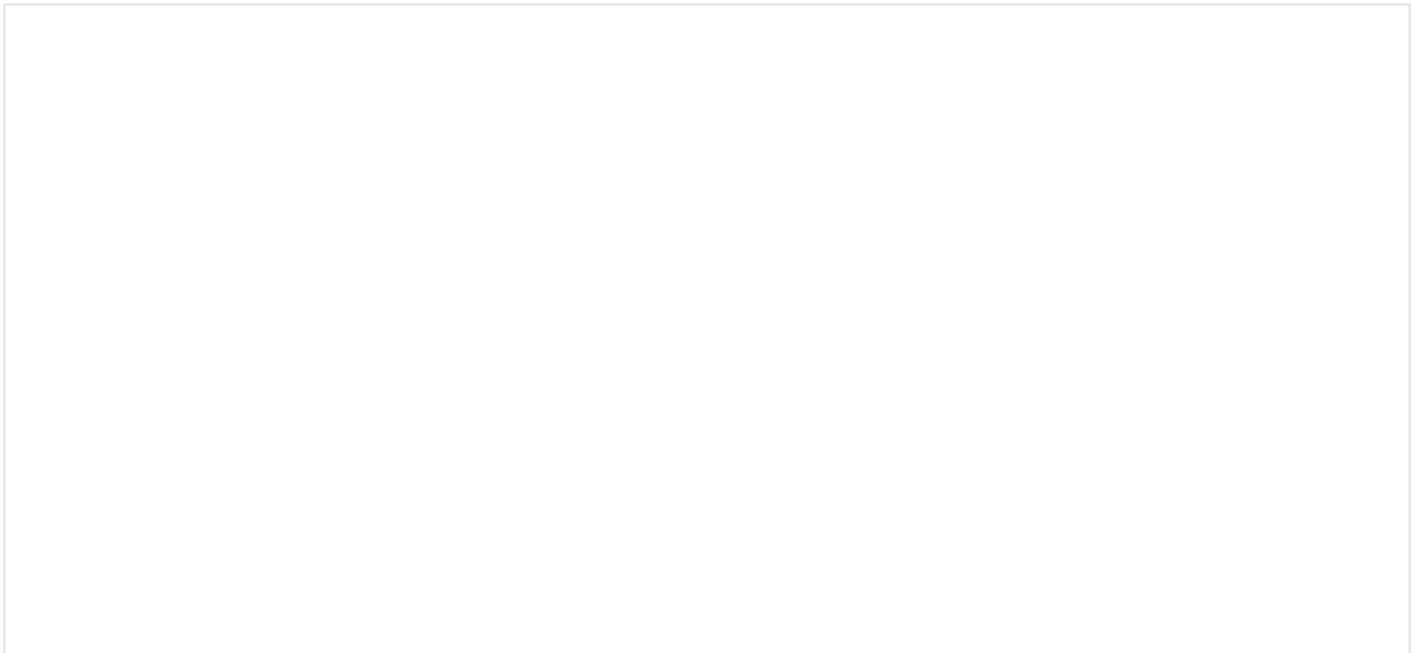
Trial date set for prescription fraud case





Prescription fraud case hearing held virtually amid COVID-19; next date set

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Atlantic County Sheriff's Office's 8 Most Wanted Criminals

Molly Bilinski

Staff Writer

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https://www.pressofatlanticcity.com/news/crime/prescription_fraud/prescription-fraud-case-defendants-to-appear-in-u-s-district-court/article_08465eb3-70e9-5b95-9e0d-1912f458595d.html

Prescription fraud case defendants to appear in U.S. District Court

MOLLY BILINSKI Staff Writer

Jun 18, 2019



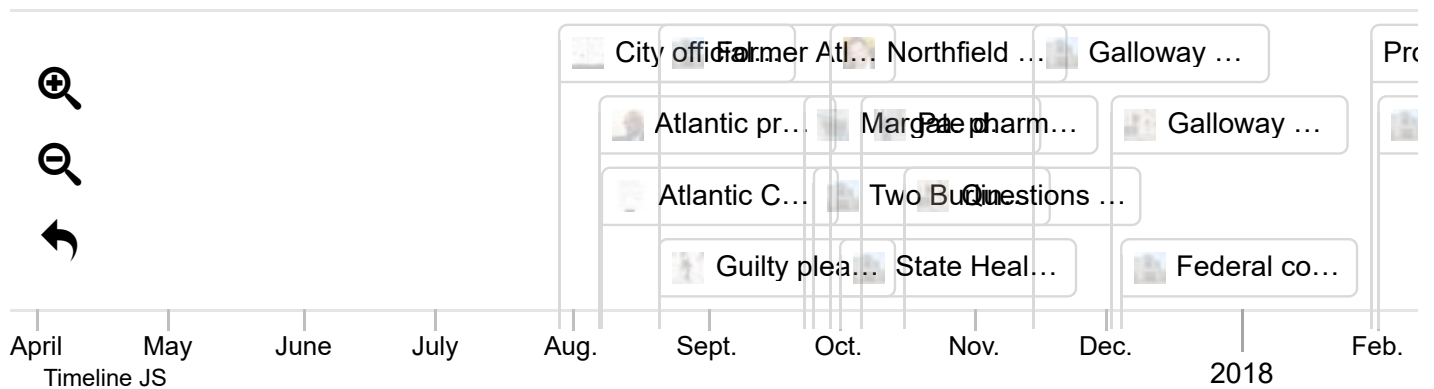
In this combination of two photos, William and Sara Hickman are escorted out of the FBI office in Northfield on March 15, 2019, after being charged with participating in the ongoing health benefits fraud scheme.

Press archives

CAMDEN — Seven South Jersey residents charged in an ongoing \$50 million compounding medication fraud case are slated to appear in court Tuesday.

Originally slated for Wednesday, a status conference in U.S. District Court has been moved to 11 a.m. Tuesday before Judge Robert B. Kugler, according to court records.

in South Jersey



Those charged include:

William Hickman, 42, a pharmaceutical sales representative, and his wife, Sara, 42, of Northfield.

Brian Pugh, 41, of Absecon, co-owner of Tony's Baltimore Grill and owner of BP Med 1 LLC.



**Are the games with the most complex strategy
the best games?**



Thomas Schallus, 42, a Ventnor police officer, who was allegedly recruited by Pugh.

Christopher Broccoli, 47, of West Deptford, Gloucester County, a Camden firefighter.

Thomas Sher, 46, of Northfield, and John Sher, 37, of Margate. Both men, Margate firefighters, were allegedly recruited by their brother Michael Sher, another Margate firefighter. Michael Sher pleaded guilty in the case earlier.

All seven have pleaded not guilty. A total of about 30 people charged in the case since August 2017.

 FAQ: Health benefits fraud

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Residents charged in ongoing fraud case were hiding in plain sight



Alleged health benefits fraud ringleaders ordered to post bond



Judge rules Sher brothers can meet without lawyer in prescription fraud case



Another former Ventnor firefighter admits role in state health benefits fraud



License revoked for former Pleasantville teacher involved in health care fraud



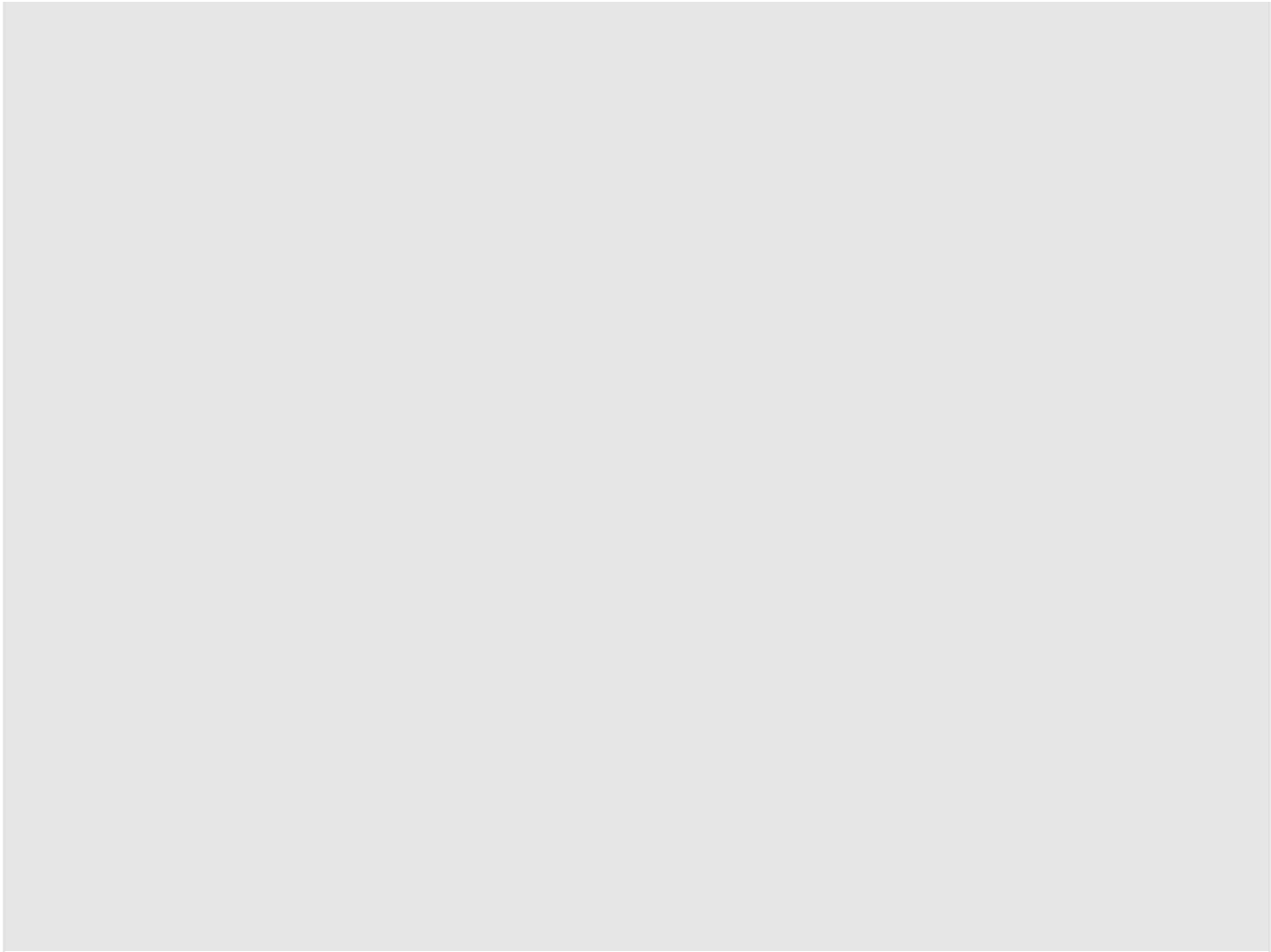
Alleged health benefits fraud ringleader can go to Disney, judge rules



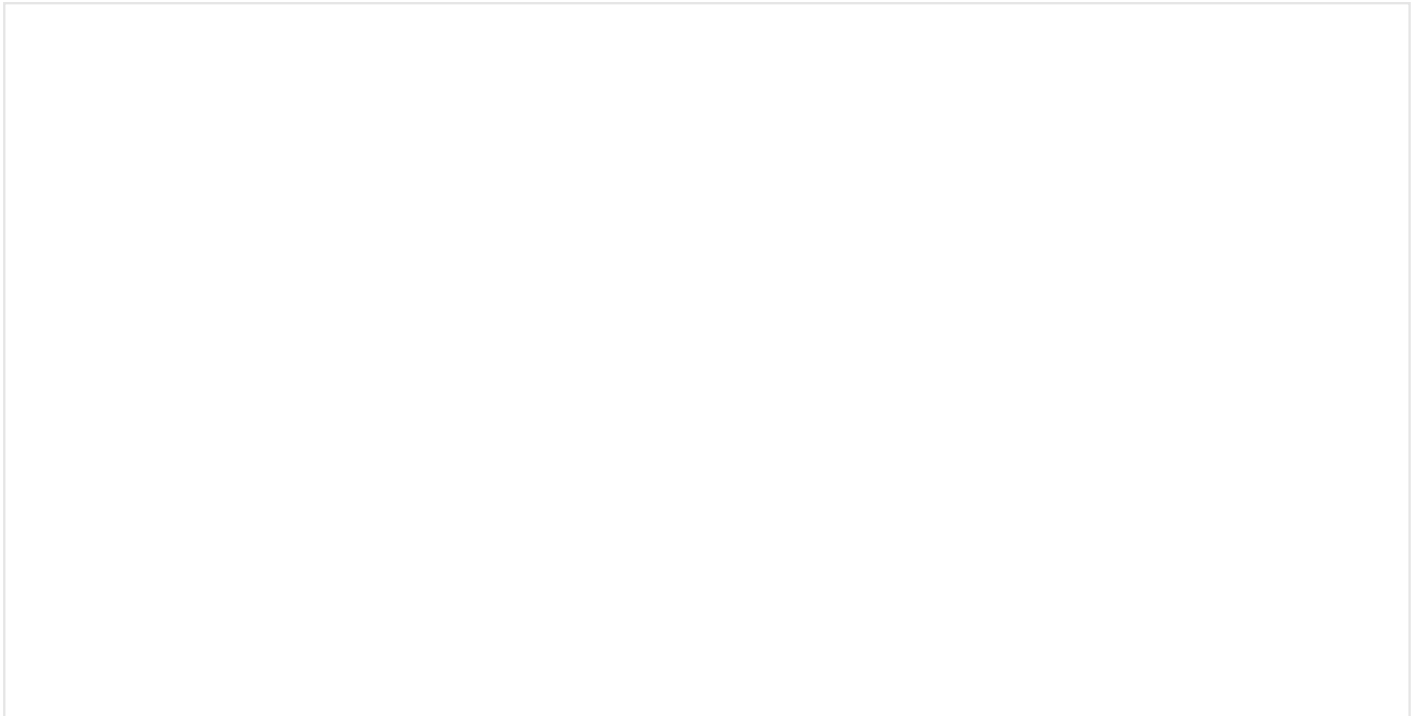
How the \$50M health benefits fraud scheme punishes consumers



Millville man held for court in father's murder



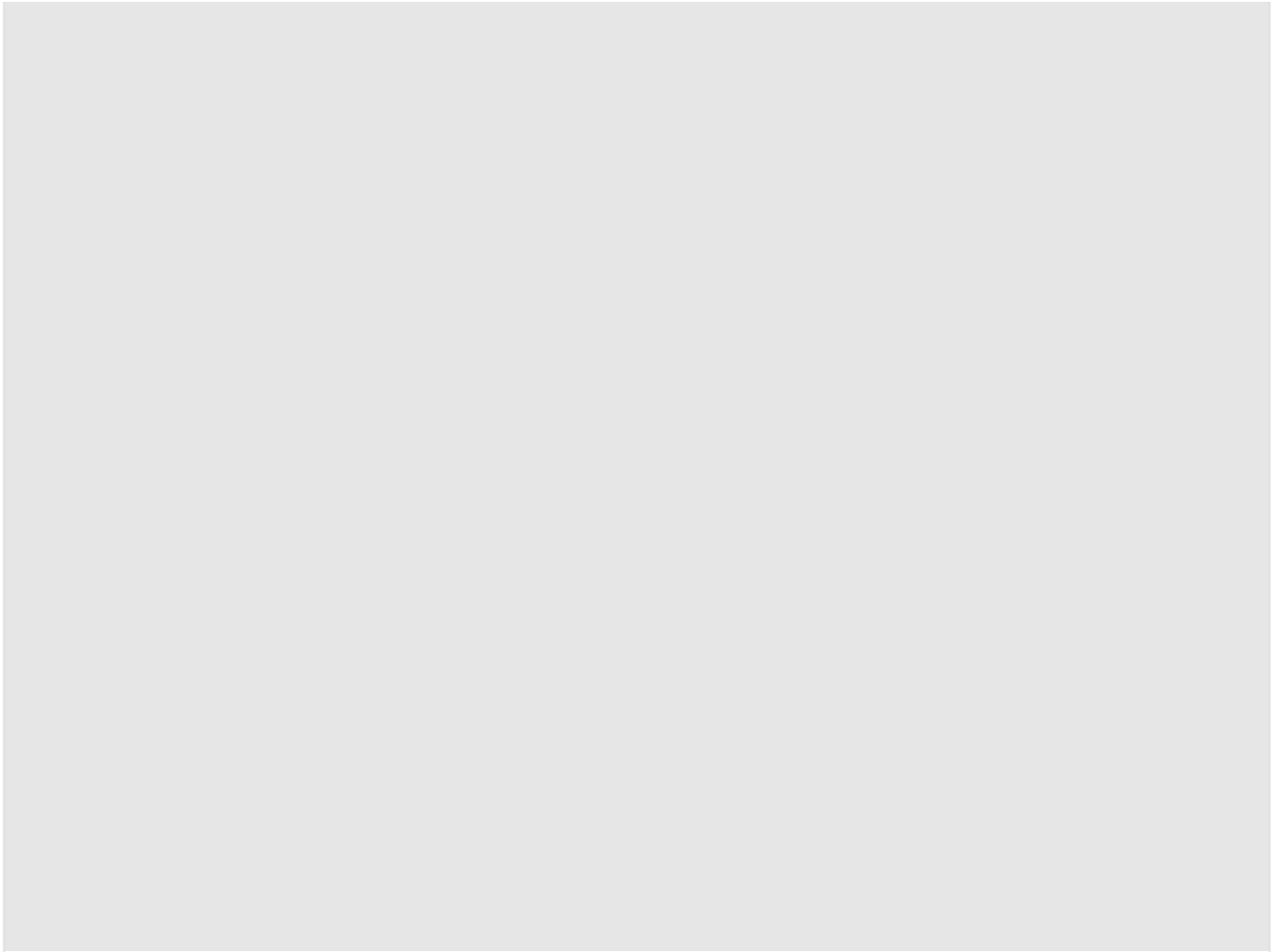
Suspect sought in North Wildwood sex assault



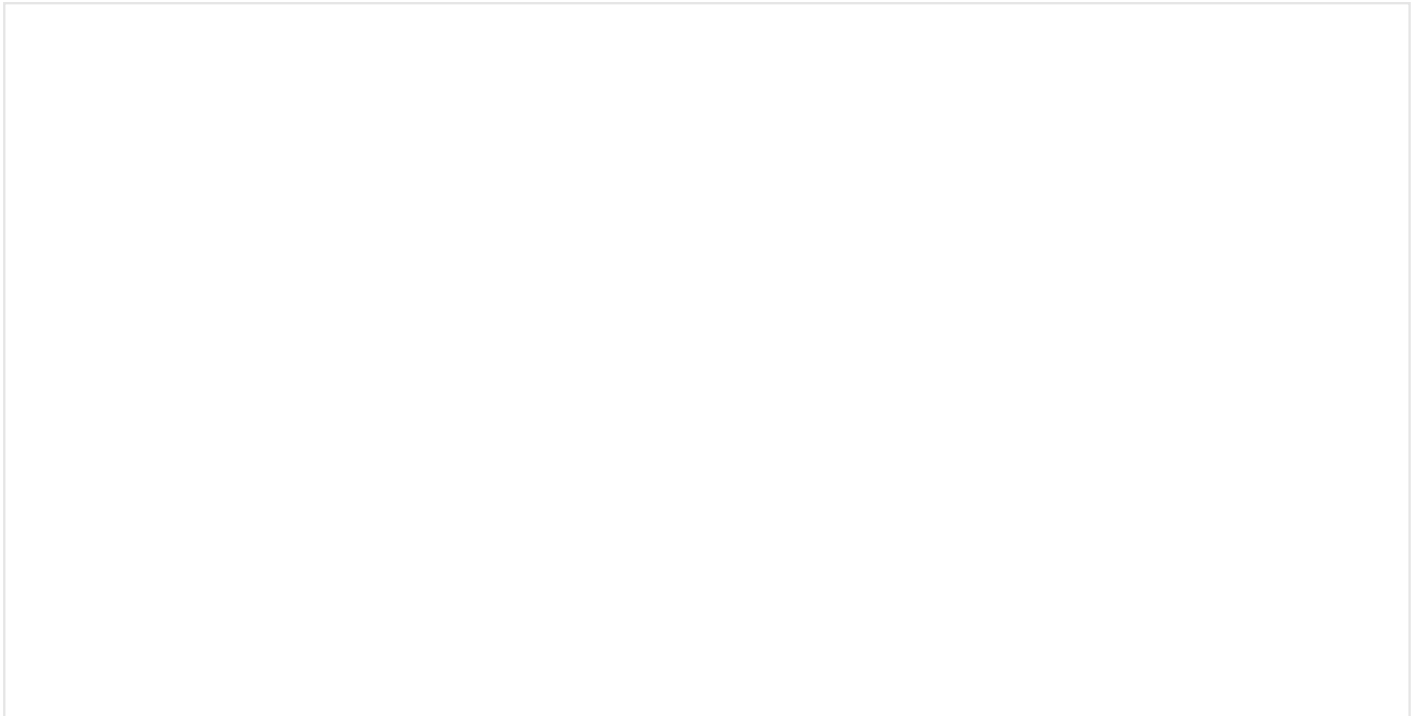


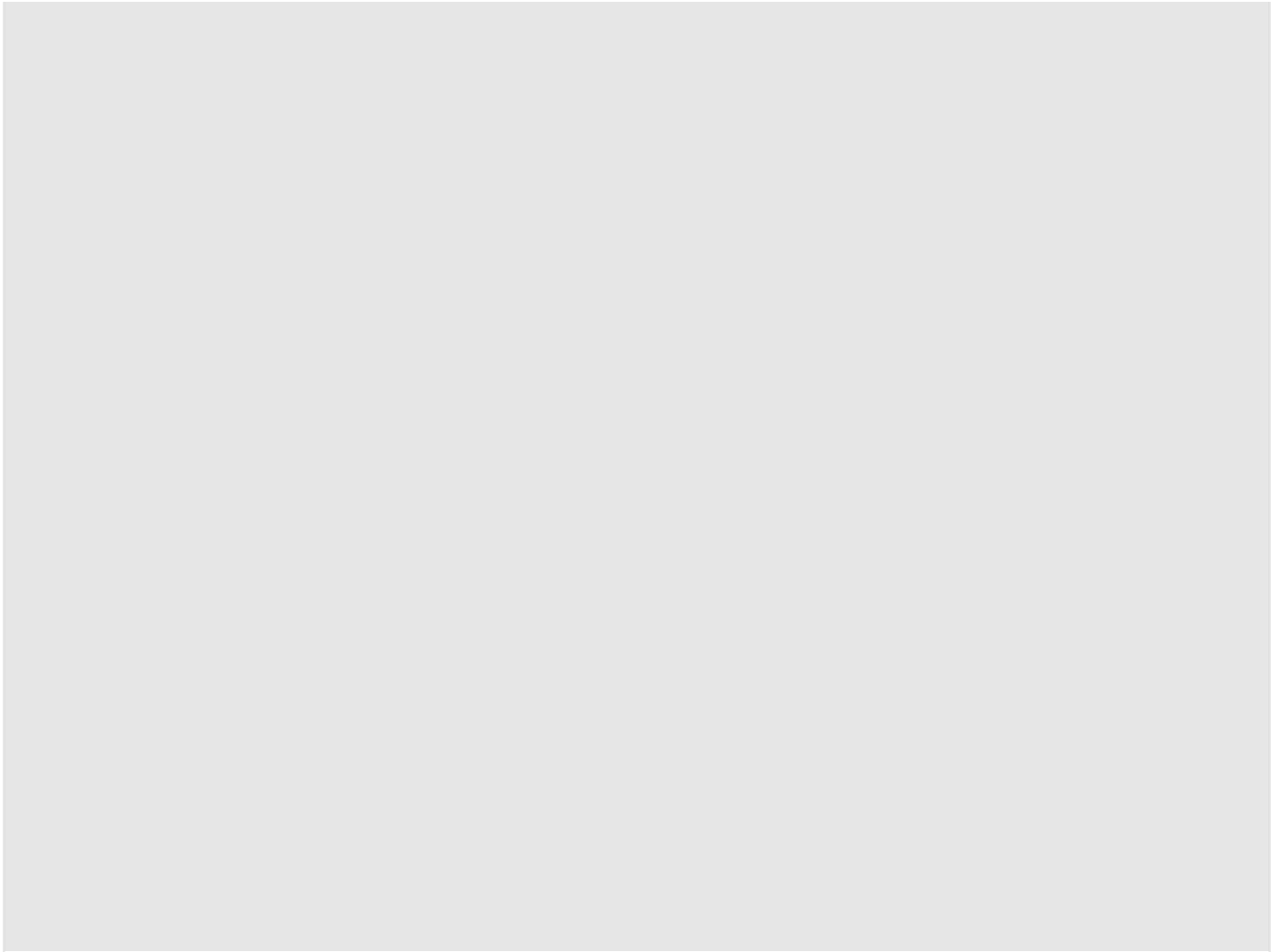
Car crashes in marsh after leaving White Horse Pike

Students sticker liquor for substance abuse awareness in Ventnor

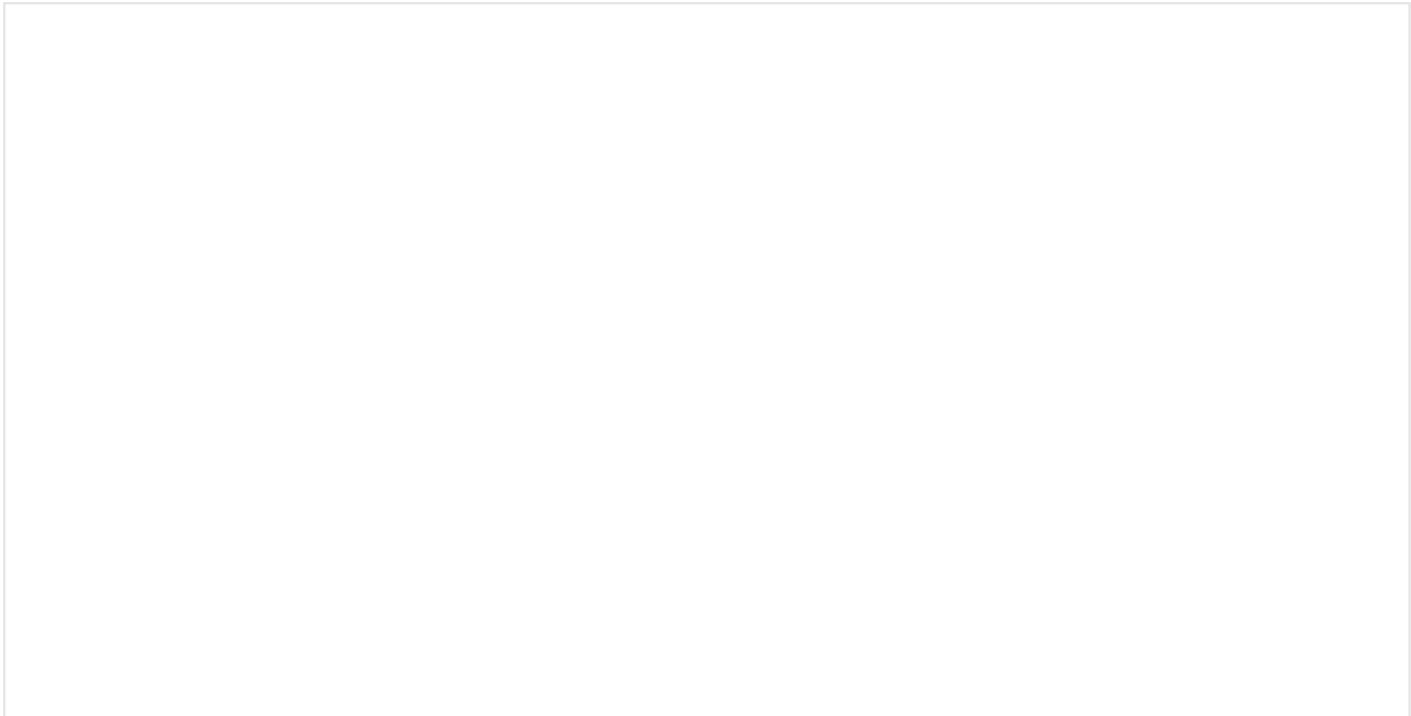


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https://www.pressofatlanticcity.com/news/crime/attorneys-in-prescription-fraud-case-get-more-time-to-review-evidence/article_d755d269-7d71-5d8a-b7a9-109ccd16843d.html

Attorneys in prescription fraud case get more time to review evidence

MOLLY BILINSKI Staff Writer

Jun 18, 2019



In this combination of two photos, William and Sara Hickman are escorted out of the FBI office in Northfield on March 15, 2019, after being charged with participating in the ongoing health benefits fraud scheme.

Press archives

A timeline of prescription fraud in South Jersey

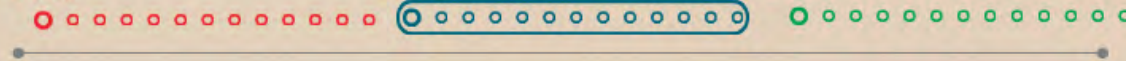
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2017

2018

2019



•FAQ



•Who's been charged?



•Latest Kauffman update

Oct. 28, 2019

Firefighters who admitted to health benefits fraud have withdrawn pension contributions



Four local firefighters who pleaded guilty in the federal investigation into state health benefits fraud have withdrawn their pension contributions, state records show.

CAMDEN — A U.S. District judge granted a continuance Tuesday morning for attorneys representing the seven South Jersey co-defendants charged as part of a more than \$50 million health care benefits fraud scheme to allow them time to review the extensive discovery in the case.

The handful of defense attorneys, as well as Assistant U.S. Attorney R. David Walk Jr., agreed to schedule the next court hearing in 90 days.

“Given the volume, it has taken and will take a considerable amount of time to process and review the material,” Walk said, adding evidence includes about 28 gigabytes of data with more than 110,000 documents and more than 500,000 pages. “At the end of that period, we are hopeful we can map out a schedule for pretrial motions.”

The next court appearance is slated for 3 p.m. Sept. 24.

 Who's been charged in prescription fraud case?

Only two of the co-defendants were present in court, William Hickman, 42, a pharmaceutical sales representative, and Thomas Schallus, 42, a Ventnor police officer. Attorneys for the other defendants waived their clients' appearances.

Hickman's lawyer, Samuel Moulthrop, said the process of going through the evidence has been “slow.”

“There’s a tremendous amount of material to review. There’s just a lot to get a handle on,” Moulthrop said. “We’re not going to be in a position to know what we have until September.”

Moulthrop also said he has raised some issues with Walk so far, but they’re “not yet ripe” to talk about in court.

Prosecutors allege William Hickman and his wife, Sara, were major figures in a local criminal organization authorities said contributed to a pyramid of fraud in which public employees were recruited to secure prescriptions for expensive, medically unnecessary medications in exchange for kickbacks, cheating taxpayer-funded public workers’ health insurance programs.





Cronick's Couch: Latest 'Terminator' movie
revives the series



Another former Ventnor firefighter admits role in state health benefits fraud

In addition to Hickman and Schallus, those who have pleaded not guilty include:

Sara Hickman, 42, of Northfield, a former charter school teacher

Brian Pugh, 41, of Absecon, co-owner of Tony's Baltimore Grill and owner of BP Med 1 LLC

Christopher Broccoli, 47, of West Deptford, Gloucester County, a Camden firefighter

Thomas Sher, 46, of Northfield, and John Sher, 37, of Margate, both Margate firefighters

More than 30 people have been charged in the case since August 2017. Most are from Atlantic County, and the list includes teachers, firefighters, police officers and other public employees, along with a doctor and pharmaceutical representatives.

Conviction of conspiracy to commit health care and wire fraud carries a maximum of 20 years in prison.

Since the defendants' last court appearance in April, a former Ventnor firefighter pleaded guilty in federal court in the case, joining 23 others who have accepted plea agreements.

Edward Sutor Jr., 36, of Linwood, admitted to receiving \$335,552 for his role in the scheme. He faces up to 10 years in prison and a fine of \$250,000.

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Residents charged in ongoing fraud case were hiding in plain sight



Alleged health benefits fraud ringleader can go to Disney, judge rules



FAQ: Health benefits fraud



Atlantic City teen charged with attempted murder in Saturday night shooting



AC woman charged with drinking, crashing into parked car with child in backseat



📷 +2

Students sticker liquor for substance abuse awareness in Ventnor



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Ocean County mom gets 24 months in prison for role in vast Shore prescription drug ring after emotional hearing

by Amy S. Rosenberg, Updated: August 20, 2019



AMY ROSENBERG / STAFF

After sobbing for hours and begging the judge to show leniency on behalf of her three young children, Kris Masucci, a former pharmaceutical representative who helped concoct a vast prescription-drug fraud scheme using public employees with state health benefits, was sentenced Tuesday to 24 months in federal prison.

"I'm ashamed and embarrassed," Masucci told U.S. District Judge Robert B. Kugler in Camden before being sentenced. "This has left me feeling completely broken."

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She is the first to be sentenced out of 21 people who have pleaded guilty to health-care fraud in a \$50 million conspiracy that allegedly involved hundreds of Shore teachers, firefighters, police officers, and others with state health plans who submitted fraudulent claims for expensive compounded medicines.

She must make restitution of \$1.8 million and forfeit \$338,000 to compensate for what she personally earned. She will serve three years of supervised release after the prison sentence, the judge said.

“Let’s remember, we’re talking about vitamins,” Kugler said as the five-hour hearing came to a close, rejecting pleas to sentence Masucci to home confinement. “We’re talking about ointments. These are things that have minimal-at-best medical value. What the products had was financial value.

“The whole thing is tragic,” Kugler said. “People’s families get destroyed. There is more than one victim in this case. Her children are also victims. But that’s her doing.”

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Prosecutors said that from January 2015 through February 2016, Masucci, 37, of Cedar Run, Ocean County, was “in the middle of a vast conspiracy” that defrauded the State of New Jersey of about \$50 million paid reimbursements to public employees.

In addition, several others, including alleged ringleaders William and Sara Hickman of Northfield, N.J., were indicted this year and have pleaded not guilty.

Masucci was described in court as a recruiter who established her own sales force, set up a separate bank account — the “KLM” account — paid taxes on about \$388,000 in commissions she received as part of the scheme, and used the rest of the money to buy an empty lot next to her home, build a new house, and buy a boat.

“She was in on it from the start,” said Assistant U.S. Attorney R. David Walk Jr. “She helped [another alleged ringleader, Matthew] Tedesco to develop the scheme. And she knew it was fraudulent.

“She went out and constructed a sales force of people,” Walk said. He said she received about 25% in commission on the prescription drugs for the compounded medicines, some of which were reimbursed for as much as \$19,000 by the state health benefit plan.

“Her conduct lasted a long time,” Walk said. “It was pervasive.”

He noted that Masucci worked directly with both Tedesco and John Gaffney, a Margate physician who signed numerous fraudulent prescriptions and has also pleaded guilty. She and her husband began by submitting prescriptions for themselves that were signed by Gaffney. She then oversaw prescriptions that brought \$1 million in reimbursements, Walk said.

Masucci’s attorney, Amy Luria, argued that about \$700,000 of that total was reimbursements paid for prescriptions from people who obtained them after seeing their own physicians and presumably used the medicines legitimately. The judge considered deducting that amount from the total — giving Masucci the benefit of the doubt, he said, and possibly lessening her sentence — but declined to do so.

In pronouncing sentence, the judge cited a “need for general deterrence” of health-care fraud. He did deviate from a possible sentence of up to 46 months, citing her remorse and family considerations. She and her husband, Michael, said their middle son, 5, suffers from severe gastrointestinal disease and is considered fragile. They feared how the children would fare in their mother’s absence.

She described herself in court as someone who had never done anything wrong until this case: a good athlete leader in her community, strong student, devoted mother. Her husband tearfully described her as “the anchor of the family and himself as her “proud husband.”

“I stand before you in front of family and friends a broken man, and a shell of my former self,” he told the judge. “I love Kristie with all my heart.”

He said the couple, high school sweethearts, would “spend the rest of our lives righting this situation,” which he described as paralyzing. He pledged to be truthful to their children as they get older “so they will learn from our mistakes.”

“The situation has brought us to our knees spiritually and financially,” he said.

Kristie Masucci said her involvement in the scheme was a result of bad decisions, a desire to help her family regain its financial footing after losing their home in Hurricane Sandy.

“My conduct in this matter is frankly the complete opposite of who I am,” she said. “Worst of all, I have put my family in harm’s way.”

As the judge read the sentence, Michael Masucci covered his face with his hands in the second row of the courtroom as his wife and other relatives sobbed. The judge said she must report to a federal prison — the closest is in Danbury, Conn. — after Jan. 1, 2020, at a date to be determined.

Posted: August 20, 2019 - 5:16 PM



Amy S. Rosenberg | @amysrosenberg | arosenberg@inquirer.com

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tom updated 8 months ago

Well, at least the husband can wash his hands of this. By law, because she was sentenced to two years imprisonment he can file for divorce without any recourse by the spouse. Take the kids, which he will have custody of, and start over. Otherwise, he will work the rest of his life paying back 1.8M in restitution and 338K in forfeiture. To the husband: get a good attorney and run, while you can!

^ 2 v 1 ↩ ...

carlos dangerously ⌚ 8 months ago

Perhaps she was sobbing with joy at no longer owning a boat.

^ 3 v 0 ↩ ...

incoherent babbling ⌚ 8 months ago

For crying out loud...stop with the tears and "explanations" for your GREED MS. Masucci. You stole...STOLE a lot of money and recruited others so you could steal even more money. Enough with the tears...you're a criminal, take your punishment.

^ 7 v 0 ↩ ...

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Laura McCrystal

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'Running out of time': Pa. group homes for intellectually disabled warn of financial ruin

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https://www.pressofatlanticcity.com/news/crime/2-doctors-3-associates-charged-in-ongoing-health-benefits-fraud-case/article_f34d0ac8-5d3e-5369-a08a-b55f4893f09a.html

2 doctors, 3 associates charged in ongoing health benefits fraud case

CLAIRE LOWE Staff Writer

Oct 4, 2019



ZAPPALA

Press archives



Mitchell H. Cohen Building and U.S. Courthouse in Camden

Press archives

Five more people were implicated Thursday in a yearslong federal investigation into a multistate scheme to defraud New Jersey's health benefit system for state employees that has seen the arrest of several local residents.

The latest charges implicate a second out-of-state compounding pharmacy located in Pennsylvania, as well as previously charged co-conspirators, for defrauding the New Jersey state health benefits programs and other insurers of \$4.5 million by submitting fraudulent claims for medically unnecessary compounded prescriptions.



Residents charged in ongoing fraud case were hiding in plain sight

The defendants charged in a 33-count indictment with conspiracy to commit health care fraud and wire fraud are laboratory sales representative Steven Monaco, 37, of Sewell, who founded and operated SMJ Consultants LLC; Dr. Daniel Oswari, 48, of Bordentown, who

operated a practice in Trenton; Dr. Michael Goldis, 63, of Mount Laurel, who operated a practice in Stratford; and Aaron Jones, 25, of Willingboro, who worked as a medical assistant for Goldis.

Monaco, Oswari and Goldis also were each charged with individual acts of health care fraud and wire fraud, and Jones was charged with 10 false statement counts. Monaco and Oswari were charged with a conspiracy involving kickbacks for referrals for laboratory work.

All four pleaded not guilty Thursday and were released on \$100,000 bail. Oswari and Goldis were ordered to report the charges to the state Medical Board, a U.S. Attorney's Office spokesman said.

The federal charges also named previously charged Richard Zappala, a pharmaceutical representative from Northfield who pleaded guilty in 2017 to fraud totaling \$4.3 million, becoming the ninth person charged in the federal investigation. Zappala is named as a co-conspirator but not as a defendant in these latest charges. His sentencing is set for Nov. 13.

Thursday was the second day in a row the case was before a federal judge in Camden. On Wednesday, Jason Chacker, 36, of Feasterville, Pennsylvania, a physician's assistant who practiced in Mercer County, pleaded guilty before Judge Robert Kugler to conspiracy to commit health care fraud in the scheme involving compounded medications.



Northfield pharmaceutical rep admits role in massive health benefits fraud

The fraud deals with prescriptions for medically unnecessary compounded medications, which are medications mixed specially by a pharmacist to meet the specific needs of a patient. These types of medications often are very costly, resulting in compounding pharmacies receiving large reimbursements from insurance carriers, in this case thousands of dollars for a one-month supply. In this alleged fraud, the conspirators would receive kickbacks from the compounding pharmacies for having the prescriptions filled. Those kick-backs would then be distributed among the other co-conspirators, including the doctors, pharmaceutical representatives and state employees.



Are the games with the most complex strategy
the best games?



It is alleged in this case that from January 2014 through April 2016, the conspirators recruited individuals in New Jersey to obtain the medications from a Louisiana pharmacy and a Pennsylvania pharmacy for certain compound medication prescriptions, including pain, scar, antifungal and libido creams, as well as vitamin combinations.

The scheme targeted state employees, including teachers, firefighters, municipal police officers and state troopers, due to the generous benefits they receive through the state health benefits system.

Through the state plan, a “Pharmacy Benefits Administrator” would pay prescription drug claims and then bill the state or the other insurance plans for the amounts paid.

The charges state that Zappala worked with Monaco and other conspirators to find people who would agree to receive prescriptions for compounded medications. Monaco allegedly paid kickbacks to Oswari and another medical professional to reward them for signing prescriptions, and Zappala paid Goldis for signing prescriptions. Jones, who was a medical assistant in Goldis’ office, also forged Goldis’ signature on other prescriptions.

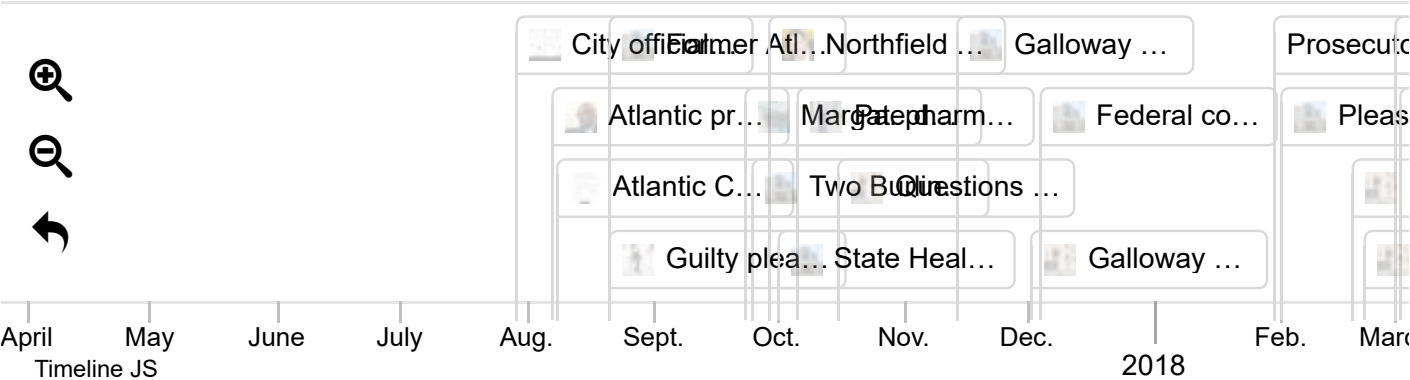
The indictment also charges Monaco, who worked for a blood and urine testing lab, and Oswari with a second conspiracy in which Monaco allegedly caused Oswari to receive kickbacks for referring laboratory work and signing prescriptions.

On Wednesday, Chacker admitted that at the request of a conspirator, he signed prescriptions for individuals without ever meeting or evaluating them. He also paid one individual to receive compounded medications. Chacker received \$3,200 and other valuable items from a conspirator for his role. The Pharmacy Benefits Administrator paid \$365,454 for prescriptions fraudulently obtained by Chacker and his conspirators.

Chacker faces 10 years in prison and a \$250,000 fine. His sentencing is scheduled for Feb. 5.

The only other medical professional formally charged in this case is Margate-based Dr. John Gaffney, who pleaded guilty to conspiracy to commit health-benefits fraud before Kugler in 2017.

A timeline of prescription fraud in South Jersey



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Seven plead not guilty in prescription fraud case



Attorneys in pharmaceutical fraud case request more time to analyze 500K documents



Attorneys in prescription fraud case get more time to review evidence



License revoked for former Pleasantville teacher involved in health care fraud



Kauffman 'crime spree' lives on through local health benefits fraud case



Atlantic City, Pleasantville come together to honor slain youth football coach



Mays Landing motorcyclist seriously injured in Black Horse Pike crash



Second teacher in state health benefits fraud case loses license



Firefighters who admitted to health benefits fraud have withdrawn pension contributions



Sentencings delayed again in prescription fraud case



Trial date set for prescription fraud case

Claire Lowe

Staff Writer

I began covering South Jersey in 2008 after graduating from Rowan University with a degree in journalism. I joined The Press in 2015. In 2013, I was awarded a NJPA award for feature writing as a reporter for The Current of Hamilton Township.

https://www.pressofatlanticcity.com/news/crime/firefighters-who-admitted-to-health-benefits-fraud-have-withdrawn-pension-contributions/article_34387e2c-a28b-59c7-9d4f-4ded9abbfe1a.html

Firefighters who admitted to health benefits fraud have withdrawn pension contributions

CLAIRE LOWE Staff Writer

Oct 28, 2019



U.S. District Court in Camden

Press archives

Four local firefighters who pleaded guilty in the federal investigation into state health benefits fraud have withdrawn their pension contributions, state records show.

Ventnor's Corey and Edward Sutor, Margate's Michael Sher and Atlantic City's Michael Pepper have all withdrawn the contributions they made to the Police and Firefighters Retirement System, a spokesman from the state Department of Treasury confirmed.

[🔗](#) Who's been charged in prescription fraud case?

The withdrawals mean the PFRS Board of Trustees, which typically decides whether a member must forfeit any portion of their pension due to a criminal conviction, would not review their cases, the spokesman said.

The former firefighters, who all resigned from their public employment upon pleading guilty in the past two years, face up to 10 years in prison for their roles in the multimillion-dollar prescription kickback scheme that took advantage of generous state-provided health benefits. Although the first charges were brought more than two years ago, and only one of the 25 who pleaded guilty has been sentenced, public interest in the fate of the public employees' pensions remains high.

"I think there is a sensitivity about public employees because, to many people, they see public employees have a better salary and benefit package than they do," said Marc Pfeiffer, assistant director of the Bloustein Local Government Research Center at Rutgers University, adding it's much different than 20 or 30 years ago. "Now, they're seeing the benefits that public employees get are abused, and those members of the public are the ones paying for the benefits. They're taking it personally that those employees stole from them."

Second teacher in state health benefits fraud case loses license

Pfeiffer said anger about the fraud is not limited to those who work in the private sector: Even current public employees who get similar benefits would be really mad about this type of crime.

“It hurts the public sector because they don’t have the confidences of the people who are paying the bills,” Pfeiffer said. “The aggressive approach that the prosecutors take is very appropriate and welcome.”

Public employee pensions are funded in part by a contribution by the employee and, a larger share, by state taxpayers. According to a Treasury fact sheet on pensions, “New Jersey law stipulates that the receipt of

retirement benefits is expressly conditioned upon the rendering of honorable service by the member.”



2 doctors, 3 associates charged in ongoing health benefits fraud case

The fact sheet says a member may be subject to a reduction or forfeiture of benefits “if suspension, dismissal or termination of employment is due to misconduct, or if convicted of a crime that is in any way related to his or her employment or involves a crime of moral turpitude.”

The remaining public employees who have pleaded guilty to the fraud — Pleasantville teacher Richard “Erick” McAllister, Pleasantville guidance counselor Michael Pilate, Middle Township teacher Shawn Sypherd and

Ocean City custodian James Wildman — have not filed for retirement and there would be no board review until the member does so, the Treasury spokesman said.

Both McAllister and Sypherd have been ordered to forfeit their teaching licenses by the state Board of Examiners.

Island towns moving on as case lingers

Rumors about the fraud scheme circulated for weeks before the first charges were announced. In July 2017, Margate Mayor Mike Becker found himself in the spotlight when an NBC10 report revealed the city had been federally subpoenaed for employee benefit information, and that prescription drug payouts in the city ballooned from \$713,935 in 2014 to \$3.351 million in 2015.

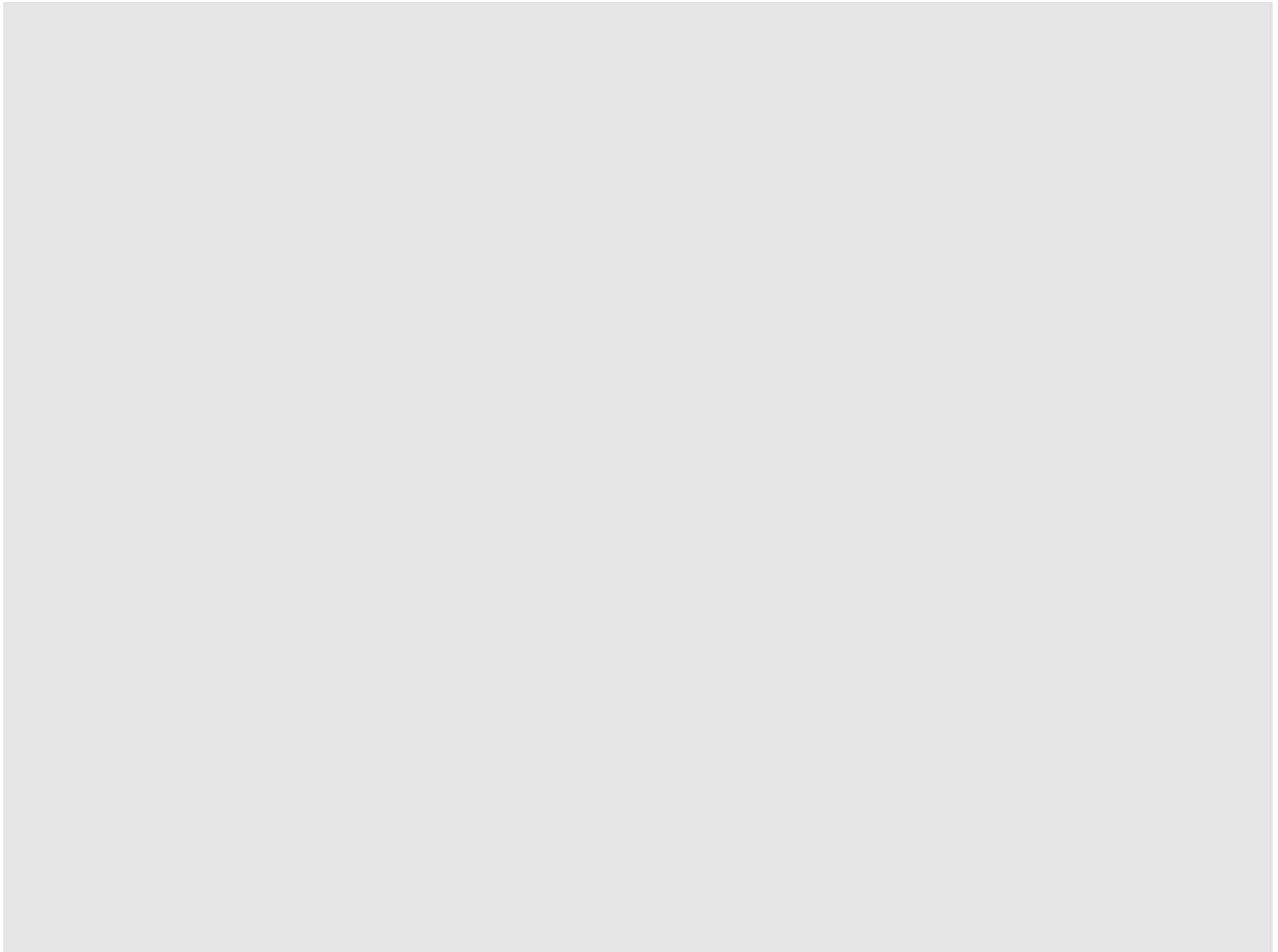
Attorneys in pharmaceutical fraud case request more time to analyze 500K documents

Some speculated more than 200 public employees would be arrested in the scheme, and investigations by reporters revealed the government had also subpoenaed Ventnor, Atlantic City, the Margate School District and Mainland Regional High School.

Becker said interest in the case remains high on Absecon Island, but most people are simply waiting for a resolution.

“The conversation seems to be when’s this thing going to end, why is it taking so long?” Becker said.

Ventnor Mayor Beth Holtzman said residents' speculation has died down since the charges were first brought.



Stafford Township woman first sentenced in prescription fraud case

“Once in a while somebody might say something, but I think when it first came out, it was like a shock wave,” Holtzman said.

She said the employees in question are no longer receiving salaries or health benefits from the city, so the last remaining concern is the outcome of the pensions.

“People are looking at them as public servants, so you’ve got to remember that their pay is taxpayer money, their health benefits is taxpayer money, as well as the pension — they contribute their portion and then the match is coming from the city, aka taxpayers,” Holtzman said.

She said she tells residents who ask that she is privy to the same level of information as the rest of the public in the federal investigation, and that the city does not control the pension payouts. It’s up to the state pension boards and judges to make determinations in those matters.

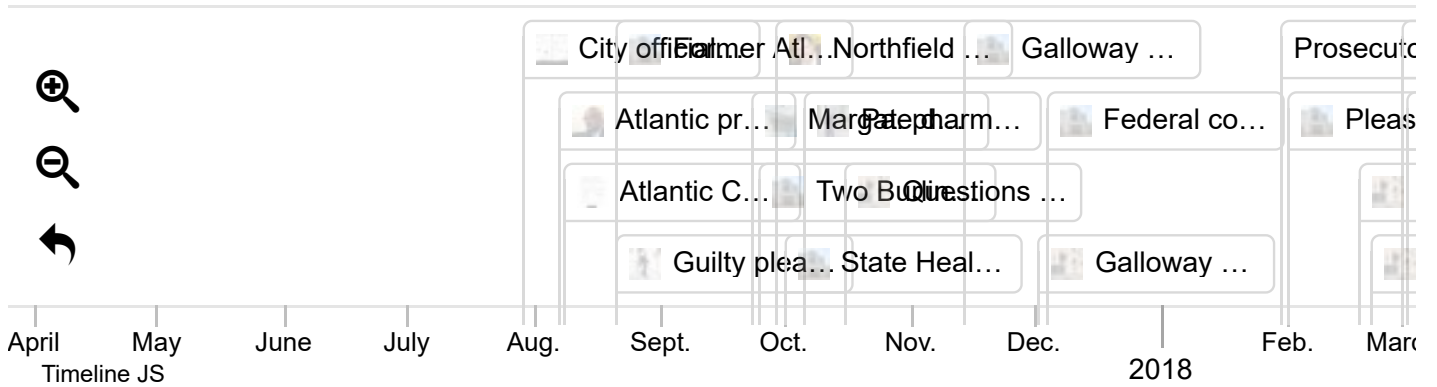
Holtzman said that since the fraud was revealed, Ventnor began to look at its prescription payouts through a report available from the state every two years.

“You would see that there was a spike in benefits, so instead of somebody’s prescription benefits costing \$100, all the sudden it’s costing \$100,000, and that would be a major red flag,” she said.

She said other than monitoring benefits, there is not much else the city can do, and added both Ventnor firefighters have reached out to her to apologize for their crimes.

“It’s disheartening, but it is what it is, and you can’t turn the clock back,” Holtzman said.

A timeline of prescription fraud in South Jersey



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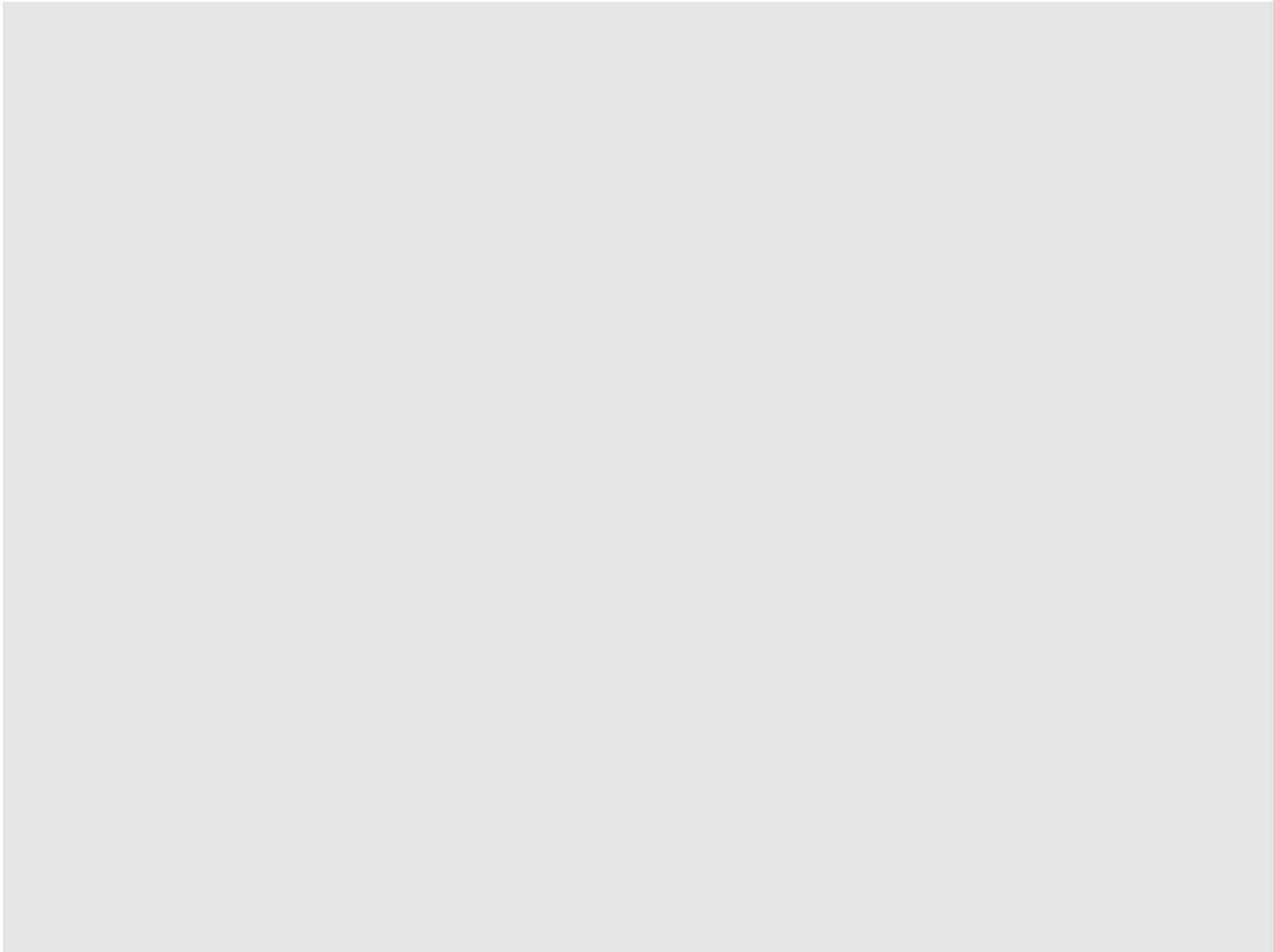
Stick-wielding suspect arrested on robbery charges, police say



Atlantic City man arrested in Ocean County with heroin, crack cocaine



Cape May County officials investigate condo fire in Stone Harbor



Ventnor considers redevelopment plan for shopping center

Claire Lowe

Staff Writer

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https://www.pressofatlanticcity.com/news/crime/sentencings-delayed-again-in-prescription-fraud-case/article_2d9c1a03-c65c-5e53-9a64-a3e083a0e553.html

Sentencings delayed again in prescription fraud case

MOLLY BILINSKI Staff Writer
Nov 15, 2019



Press archives


CAMDEN — Sentencings have been postponed again for the more than two dozen people who have pleaded guilty as part of a more than \$50 million health care benefits fraud scheme.

Originally scheduled for Wednesday and Thursday, the sentencings were moved to March 11 and 12 in federal court before Judge Robert B. Kugler, court records show.

The case is centered on a massive prescription fraud scheme between January 2015 and April 2016 that involved the recruitment of public employees, including teachers, firefighters and municipal police officers, to obtain medically unnecessary prescriptions, netting kickbacks for the

conspirators, court documents show. More than 30 people have been charged in the case since August 2017, with new charges announced as recently as last month and only one defendant sentenced so far.

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Stafford Township woman first sentenced in prescription fraud case

In August, Kristie Masucci, 37, of the Cedar Run section of Stafford Township, became the first person to be sentenced in the case. Masucci received two years in federal prison with three years' probation, and was ordered to pay about \$1.8 million in restitution.

A status conference is scheduled for Nov. 26 for the group of seven South Jersey co-defendants who have pleaded not guilty in the case, including Northfield residents William and Sara Hickman, who prosecutors allege were major figures in the pyramid of fraud.



Residents charged in ongoing fraud case were hiding in plain sight

William Hickman, 42, a pharmaceutical sales representative, wife Sara Hickman, 42, a former charter school teacher, and five others are charged with conspiracy to commit health care and wire fraud. Conviction of

those charges carries a maximum of 20 years in prison.

In addition to the Hickmans, those who have pleaded not guilty include Christopher Broccoli, 47, of West Deptford, Gloucester County, a Camden firefighter; Brian Pugh, 41, of Absecon, co-owner of Tony's Baltimore Grill and owner of BP Med 1 LLC; Thomas Schallus, 42, a Ventnor police officer; and brothers Thomas Sher, 46, of Northfield, and John Sher, 37, of Margate, both Margate firefighters.

At a status conference in September, attorneys for the co-defendants were granted a second, 90-day continuance to review evidence in the case, which includes about 500,000 documents.



Attorneys in pharmaceutical fraud case request more time to analyze 500K documents

Last month, five more people were charged in the multistate scheme, four pleading not guilty.

Jason Chacker, 36, of Feasterville, Pennsylvania, a physician's assistant who practiced in Mercer County, pleaded guilty to conspiracy to commit health care fraud. His sentencing is scheduled for 9:30 a.m. Feb. 5.



2 doctors, 3 associates charged in ongoing health benefits fraud case

Others yet to be sentenced include former Atlantic City firefighter Michael Pepper; Dr. John Gaffney; pharmaceutical broker Steve Urbanski; pharmaceutical representatives Matthew Tedesco, Thomas Hodnett, Judd Holt, Richard Zappala, Michael Neopolitan, Andrew Gerstel and George Gavras; and Robert Bessey, a gym floor installer from Philadelphia. They are scheduled for sentencing March 11.

Scheduled for sentencing March 12 are Pleasantville High School teacher Richard “Erick” McAllister, commercial construction estimator Timothy Frazier; industrial salesman William Hunter; Pleasantville guidance counselor Michael Pilate; Middle Township teacher Shawn Sypherd;

Nicholas Tedesco, a retail director for a candy company; Michael J. Sher, a retired Margate firefighter; pharmaceutical representative Tara LaMonaca; Robert Madonna, a former Margate mortgage consultant; Ventnor firefighters Edward and Corey Sutor; and Ocean City school maintenance worker James Wildman.

 Who's been charged in prescription fraud case?

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Attorneys in prescription fraud case get more time to review evidence



Another former Ventnor firefighter admits role in state health benefits fraud



Judge rules Sher brothers can meet without lawyer in prescription fraud case



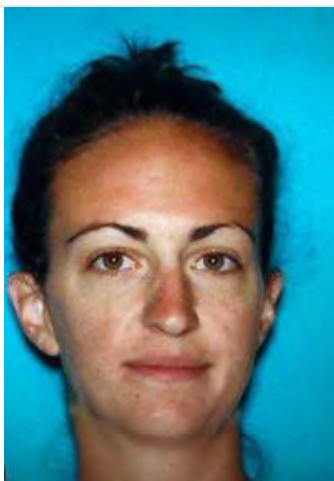
Kauffman 'crime spree' lives on through local health benefits fraud case



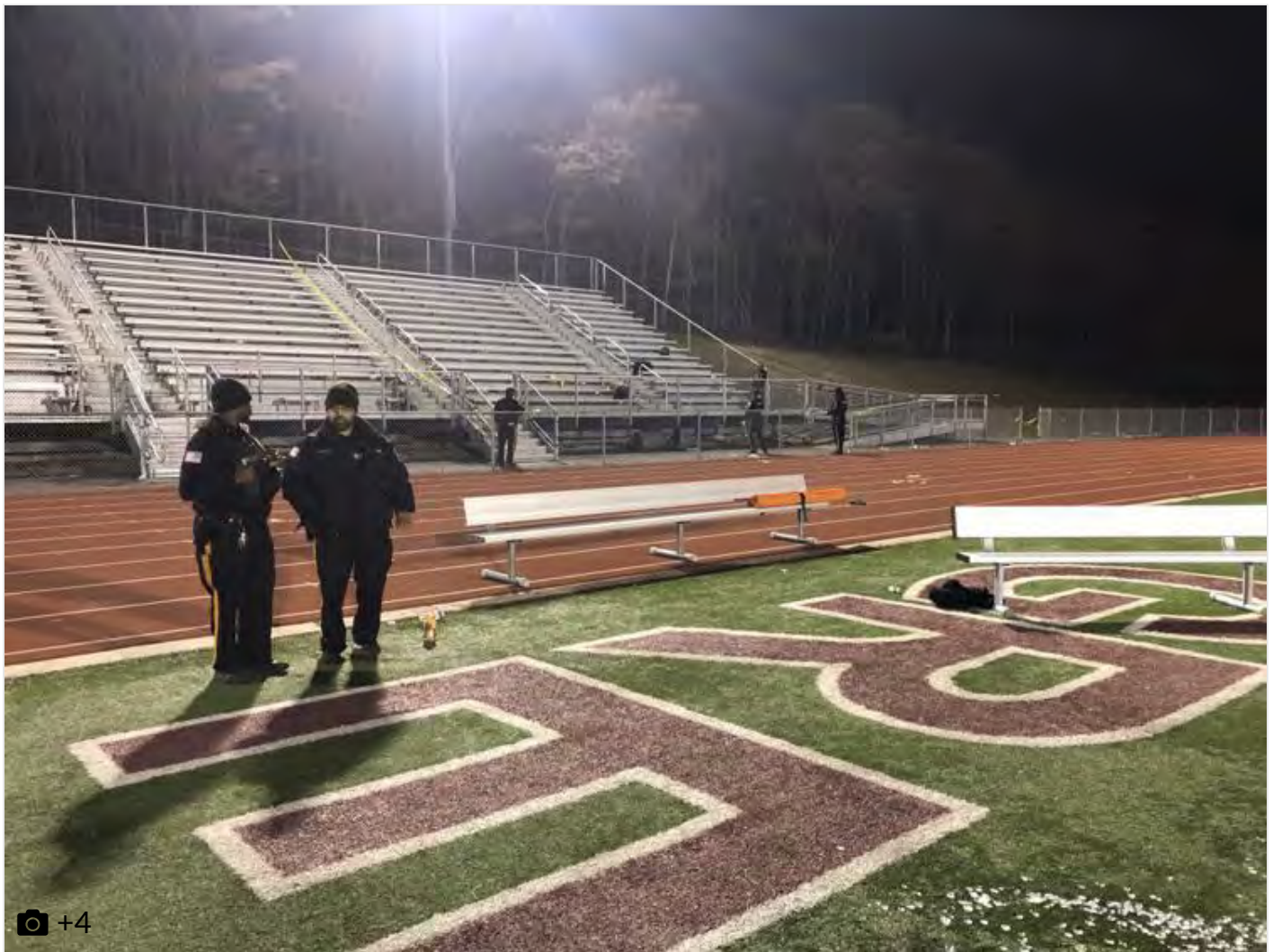
How the \$50M health benefits fraud scheme punishes consumers



Headliners announced for Atlantic City Beer and Music Festival



Pleasantville teacher accused of sex with student pleads not guilty



Gunshots clear Pleasantville-Camden football game, at least 2 hurt



Pleasantville-Camden game to finish Wednesday after shooting hurts 3



Court date for prescription fraud case postponed



Prescription fraud case defendants to appear in U.S. District Court



Trial date set for prescription fraud case



Northfield pharmaceutical rep admits to health care fraud



Atlantic City man found guilty of more than \$2.5 million tax scheme



Sentencings postponed again in prescription fraud case



Prescription fraud case hearing held virtually amid COVID-19; next date set



Status conference in prescription fraud case held via telephone last week

Molly Bilinski

Staff Writer

My beat is public safety, following police and crime. I started in January 2018 here at the Press covering Egg Harbor and Galloway townships. Before that, I worked at the Reading Eagle in Reading, Pa., covering crime and writing obituaries.

Who's been charged in prescription fraud case?

Claire Lowe, Molly Bilinski

Nov 15, 2019

An ongoing federal investigation into prescription drug fraud has led to 30 people so far from Atlantic County and nearby being charged since August 2017.

Prosecutors have said the illegal scheme centers on the billing of the state's public employee health benefits plans for medically unnecessary compounded drugs, with payouts from prescription reimbursements going to line the pockets of all participants.

Drug compounding is a process in which a pharmacist mixes ingredients to a drug customized for a specific application, concentration or ingredient. While the process is legal, it's not regulated by the U.S. Food and Drug Administration. The drug mixtures are expensive, with a tube of cream costing thousands of dollars each, and health insurance companies provide large reimbursements to pharmacies for filling these prescriptions. Recent federal prosecutions have uncovered massive abuse in similar investigations across the country.

Most of the people charged are from Atlantic County, including several public employees and pharmaceutical representatives, and one doctor. According to court documents, the scheme targeted teachers, firefighters, police officers, state troopers and other public employees due the generous coverage under the state health benefits plans.

Kristie Masucci

Kristie Masucci, of the Cedar Run section of Stafford Township, a former pharmaceutical representative from Ocean County was sentenced in August 20, 2019, to 24 months in prison, three years probation and faces restitution of more than \$1.8 million.

Masucci served as a recruiter from January 2015 through February 2016, persuading individuals in Atlantic County and elsewhere with state benefits to obtain medically unnecessary compounded medications from an out-of-state pharmacy. She admitted to receiving \$388,608 for her role in the conspiracy.

Matthew Tedesco



Matthew Tedesco, of Northfield, a pharmaceutical sales representative, was the first to plead guilty to health care fraud charges in this case in August 2017. Tedesco also recruited patients to request expensive, unneeded drugs, without having seen a doctor, according to his plea.

Robert Bessey

Robert Bessey, of Philadelphia, a gym floor installer, agreed to forfeit \$485,540 and pay restitution of at least \$2.7 million.

Steve Urbanski



Steve Urbanski, a pharmacological broker, served as a recruiter in the conspiracy. As part of the plea agreement, Urbanski will forfeit more than \$113,668 and pay restitution of \$752,291.

Michael Pepper

Michael Pepper, of Northfield, a retired Atlantic City firefighter, pleaded guilty to conspiracy to commit health-benefits fraud. As part of the plea agreement, Pepper will forfeit \$113,627 and pay restitution of \$719,481.

Thomas Hodnett

Thomas Hodnett, of Voorhees, a pharmaceutical sales representative, served as recruiter in the conspiracy. Hodnett agreed to forfeit more than \$269,966 and pay restitution of \$1.5 million.

John Gaffney



John Gaffney, of Linwood, a Margate doctor, pleaded guilty to conspiracy to commit health-benefits fraud. According to court documents, Gaffney signed more than 200 unnecessary prescriptions for teachers, police and firefighters covered under the NJ Direct insurance plan.

Judd Holt

Judd Holt, of Marlton, a Burlington County pharmaceutical representative, pleaded guilty to separate charges of conspiracy to commit health care fraud. Holt defrauded health-insurance plans of more than \$769,000 and must forfeit more than \$95,000.

George Gavras

George Gavras, of Moorestown, a Burlington County pharmaceutical representative, pleaded guilty to separate charges of conspiracy to commit health care fraud. Gavras admitted to defrauding plans of more than \$679,000 and must forfeit more than \$204,000.

Richard Zappala



Richard Zappala, of Northfield, a pharmaceutical sales representative, admitted to fraud totaling \$4.3 million, which he must pay back. According to court documents, Zappala acted as a recruiter in the scheme, getting individuals to obtain expensive and medically unnecessary compounded medications from an out-of-state pharmacy from January 2015 through April 2016.

Michael Neopolitan

Michael Neopolitan, of Willow Grove, a pharmaceutical sales representative, has admitted to defrauding New Jersey state health benefits programs and other insurers out of millions of dollars by submitting fraudulent claims for medically unnecessary prescriptions.

Andrew Gerstel

Andrew Gerstel, of Galloway Township, is a pharmaceutical representative. As part of his plea agreement, Gerstel must forfeit \$184,389 in criminal proceeds he received for his role in the scheme and pay restitution of at least \$483,946. He faces up to 10 years in federal prison and a \$250,000 fine.

Timothy Frazier

Timothy Frazier, of Galloway Township, a commercial construction estimator, submitted fraudulent claims for medically unnecessary prescriptions.

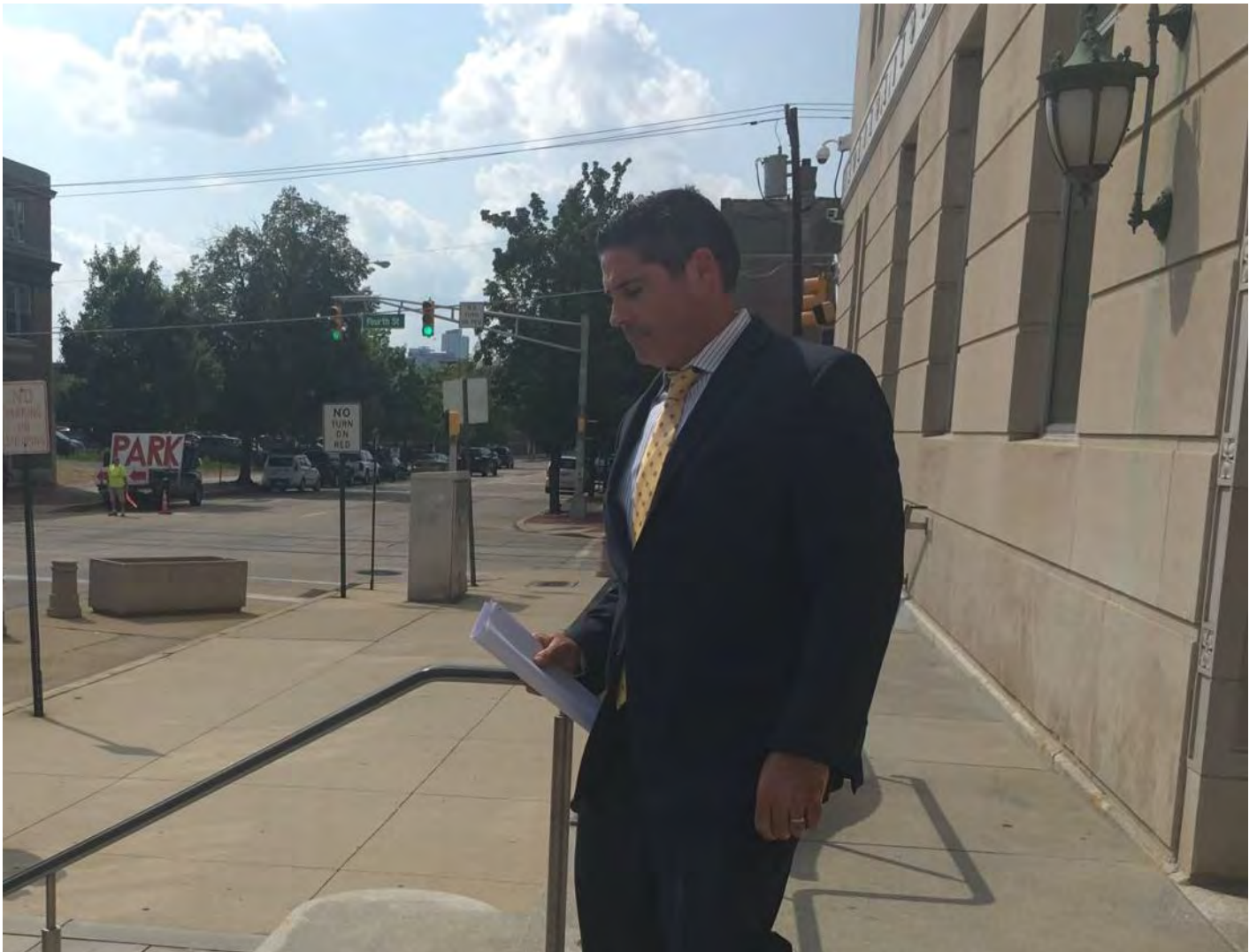
Michael Pilate

Michael Pilate, of Williamstown, and a Pleasantville High School guidance counselor, was described in court as a mid-level conspirator who received \$500 from a co-conspirator per prescription he filled, according to court testimony. He also recruited other people and paid them each \$500 per prescription, according to court testimony. As part of Pilate's plea agreement, he must forfeit \$392,684 and pay restitution of \$3.49 million — the amount of fraud resulting from his participation in the scheme.

Shawn Sypherd

Shawn Sypherd, of Upper Township, a middle school teacher, admitted to conspiracy to commit fraud of the State Health Benefits Plan. Sypherd's actions resulted in more than \$2.4 million in fraudulent reimbursements from the State Health Benefits Plan. He received more than \$354,264 for his role as a recruiter, according to court documents.

Nicholas Tedesco



Nicholas Tedesco, of Linwood, is a retail director for a local candy company. Tedesco admitted defrauding state benefits programs and other insurers out of more than \$2 million by submitting fraudulent claims for medically unnecessary prescriptions, U.S. Attorney Craig Carpenito and New Jersey Attorney General Gurbir S. Grewal said.

Michael J. Sher



Michael Sher, of Northfield, retired unexpectedly from the Margate Fire Department in May 2018. Sher became the first Margate municipal employee to sign a plea agreement in this case.

Danny Drake

Richard Erick McAllister



Richard “Erick” McAllister, of Ocean City, teaches English at Pleasantville High School. He must forfeit \$456,806 and pay restitution of at least \$3.4 million for his role in the scheme, according to his plea agreement.

William Hunter

William Hunter, an industrial equipment salesman from Sewell, must forfeit about \$245,020 and pay restitution of at least \$1.32 million, according to his plea agreement.

Tara LaMonaca



Tara LaMonaca, of Linwood, a pharmaceutical representative, faces up to 10 years in federal prison and a \$250,000 fine. LaMonaca must forfeit the \$89,855 she received for her role in the scheme.

Robert Madonna



Robert Madonna, formerly of Atlantic County, currently of Florida, was one of the owners of a company formed to market prescription compounded medications, according to New Jersey Attorney General Gurbir S. Grewal. From May 2015 through February 2016, Madonna and others associated with the company persuaded individuals in New Jersey to obtain expensive and medically unnecessary compounded medications, Grewal said.

James Wildman

James Wildman, of Marmora, an Ocean City school maintenance worker, admitted serving as a recruiter in the conspiracy, persuading individuals, especially those on the state health benefits plan, to obtain medically unnecessary compounded prescriptions in exchange for money. Wildman said he received \$657,040 for his role in the scheme.

Corey Sutor

Corey Sutor, of Egg Harbor Township, a Ventnor firefighter, admitted to receiving about \$150,000 for his role in the scheme. He joined the Ventnor Fire Department in 2008.

Edward Sutor

Edward Sutor, of Linwood, a Ventnor firefighter, admitted to receiving about \$335,552 for his role in the scheme. Edward Sutor stated with the department in 2013.

William Hickman



William Hickman, of Northfield, a pharmaceutical sales representative, was one of the alleged local ringleaders, who recruited a network of people to submit fraudulent claims for medically unnecessary prescriptions.

Sara Hickman



Sara Hickman, of Norhtfield, created Boardwalk Medical LLC which received roughly \$26 million in kickbacks for its role, some of which it distributed to others in the enterprise for their services as recruiters.

Brian Pugh



Brian Pugh, of Absecon, co-owner of Tony's Baltimore Grill and owner of BP Med 1 LLC., was charged with conspiracy to commit health care fraud and wire fraud and with individual acts of health care fraud and wire fraud.

Thomas Schallus



Thomas Schallus, a Ventnor police officer, was allegedly recruited by Pugh.



Christopher Broccoli

Christopher Broccoli, of West Deptford, Gloucester County, a Camden firefighter, was charged with conspiracy to commit health care fraud and wire fraud and with individual acts of health care fraud and wire fraud

Thomas Sher



Thomas Sher, of Northfield, at left. He and his brother, John Sher, 37, of Margate, not shown, both Margate firefighters, were allegedly recruited by their brother Michael Sher, another Margate firefighter. Michael Sher pleaded guilty in the case earlier. Originally barred from meeting with his brothers without a lawyer or parent present, the bail condition was lifted by Judge Robert Kugler on March 27.

John Sher



John Sher, 37, of Margate, a Margate firefighter, charged with conspiracy to commit health care fraud and wire fraud and with individual acts of health care fraud and wire fraud. Originally barred from meeting with his brothers without a lawyer or parent present, the bail condition was lifted by Judge Robert Kugler on March 27. The Shers' fourth brother, Dennis, was considered a potential witness to the alleged fraud.

Jason Chacker

Jason Chacker, 36, of Feasterville, Pennsylvania, a physician's assistant who practiced in Mercer County, pleaded guilty in October 2019 before Judge Robert Kugler to conspiracy to commit health care fraud in the scheme involving compounded medications.

Steven Monaco

Laboratory sales representative Steven Monaco, 37, of Sewell, who founded and operated SMJ Consultants LLC, pleaded not guilty in October 2019 after being charged in a 33-count indictment with conspiracy to commit health care fraud and wire fraud.

Daniel Oswari

Dr. Daniel Oswari, 48, of Bordentown, who operated a practice in Trenton, pleaded not guilty in October 2019 after being charged in a 33-count indictment with conspiracy to commit health care fraud and wire fraud.

Michael Goldis

Dr. Michael Goldis, 63, of Mount Laurel, who operated a practice in Stratford, pleaded not guilty in October 2019 after being charged in a 33-count indictment with conspiracy to commit health care fraud and wire fraud.

Aaron Jones

Aaron Jones, 25, of Willingboro, who worked as a medical assistant for Goldis, pleaded not guilty in October 2019 after being charged in a 33-count indictment with conspiracy to commit health care fraud and wire fraud.

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https://www.pressofatlanticcity.com/news/crime/court-date-for-prescription-fraud-case-postponed/article_c1ba25a6-2079-50bd-a74a-cf50c912d90e.html

Court date for prescription fraud case postponed

MOLLY BILINSKI Staff Writer
Nov 22, 2019



Mitchell H. Cohen Building and U.S. Courthouse in Camden


Press archives

CAMDEN — A status conference for seven South Jersey co-defendants who have pleaded not guilty in an ongoing \$50 million health benefits fraud scheme has been postponed.


Originally scheduled for Tuesday morning, the hearing has been moved to 3:30 p.m. Dec. 10, though still in front of Judge Robert B. Kugler in U.S. District Court, court records show, citing a conflict in the court calendar.

Those scheduled to appear include William Hickman, 42, a pharmaceutical sales representative, and his wife, Sara, a former teacher.

Ad



Seniors are using new device that helps relieve back pain by fixing bad posture.

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Sentencings delayed again in prescription fraud case

Prosecutors allege the Hickmans were major figures in a local criminal organization, cheating taxpayer-funded public workers' health insurance programs through a massive prescription fraud scheme that ran between January 2015 and April 2016. Public employees, including teachers, firefighters and municipal police officers, were recruited to obtain medically unnecessary prescriptions, netting kickbacks for the conspirators, court documents show.

More than 30 people have been charged in the case since August 2017, with new charges announced as recently as last month and only one defendant sentenced so far.

Status conferences for the defendants who have pleaded not guilty have so far focused on the exchange of evidence, which includes about 28 gigabytes of data with more than 110,000 documents and more than 500,000 pages.

Second teacher in state health benefits fraud case loses license

Five others scheduled to appear are:

Brian Pugh, 41, of Absecon, co-owner of Tony's Baltimore Grill and owner of BP Med 1 LLC

Thomas Schallus, 42, a Ventnor police officer, who was allegedly recruited by Pugh

Christopher Broccoli, 47, of West Deptford, Gloucester County, a Camden firefighter

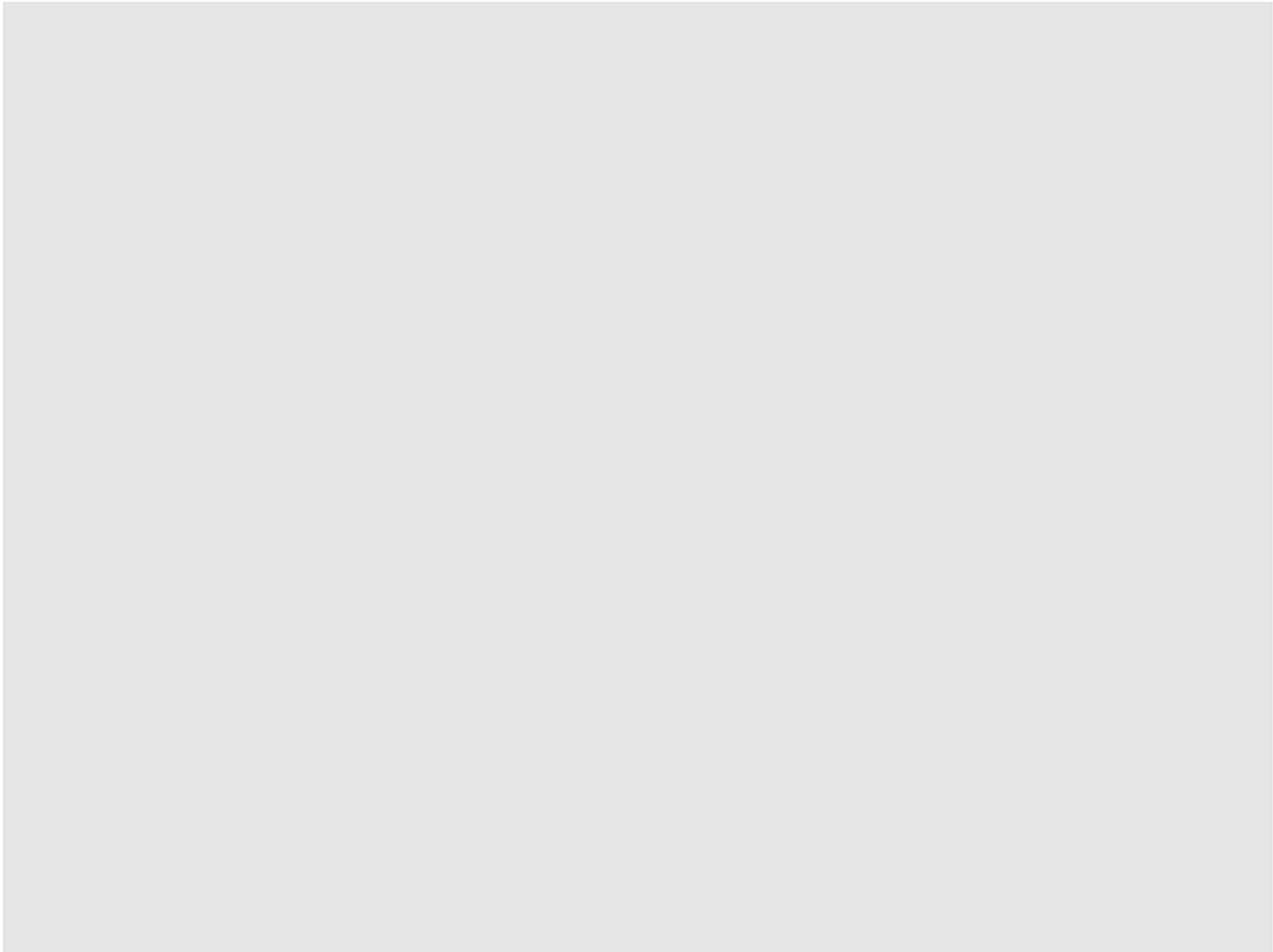
Thomas Sher, 46, of Northfield, and John Sher, 37, of Margate. Both men are Margate firefighters and were allegedly recruited by their brother Michael Sher, another Margate firefighter. Michael Sher has already pleaded guilty in the case.

Contact: 609-272-7241

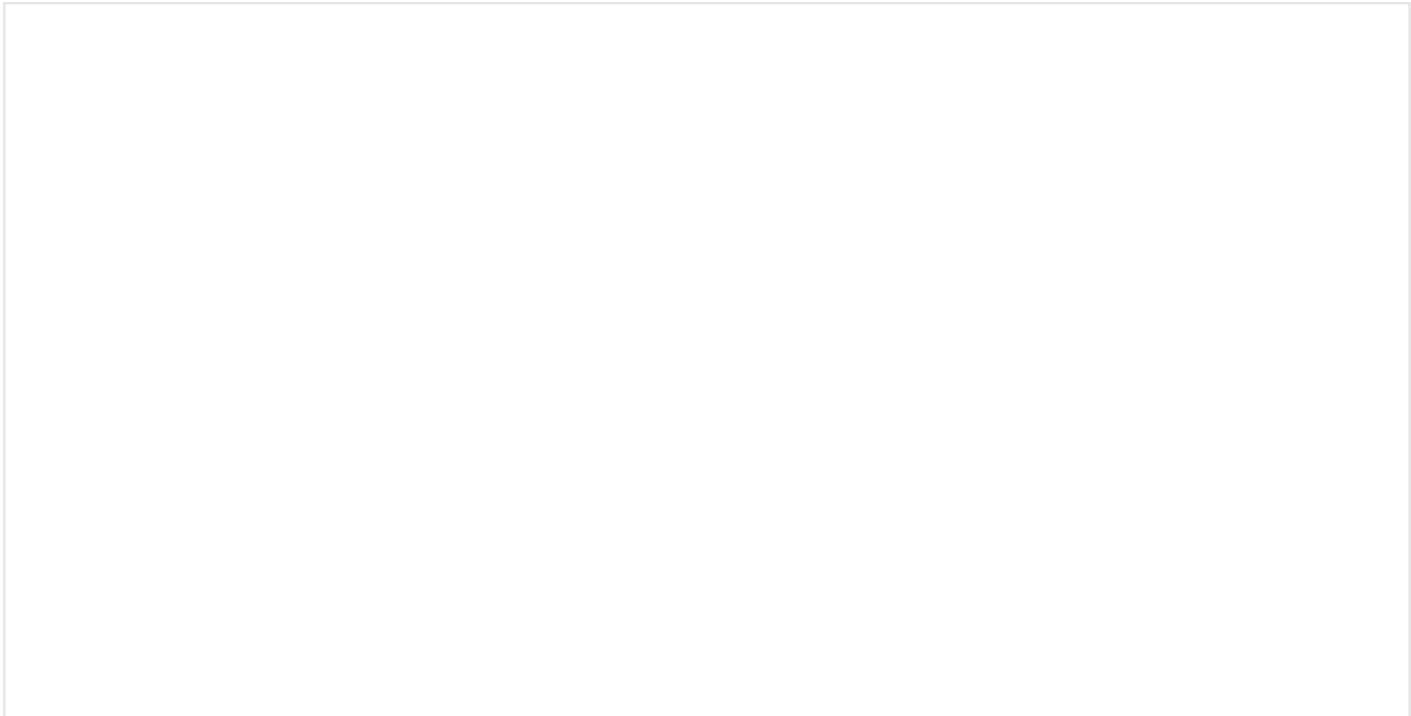
mbilinski@pressofac.com

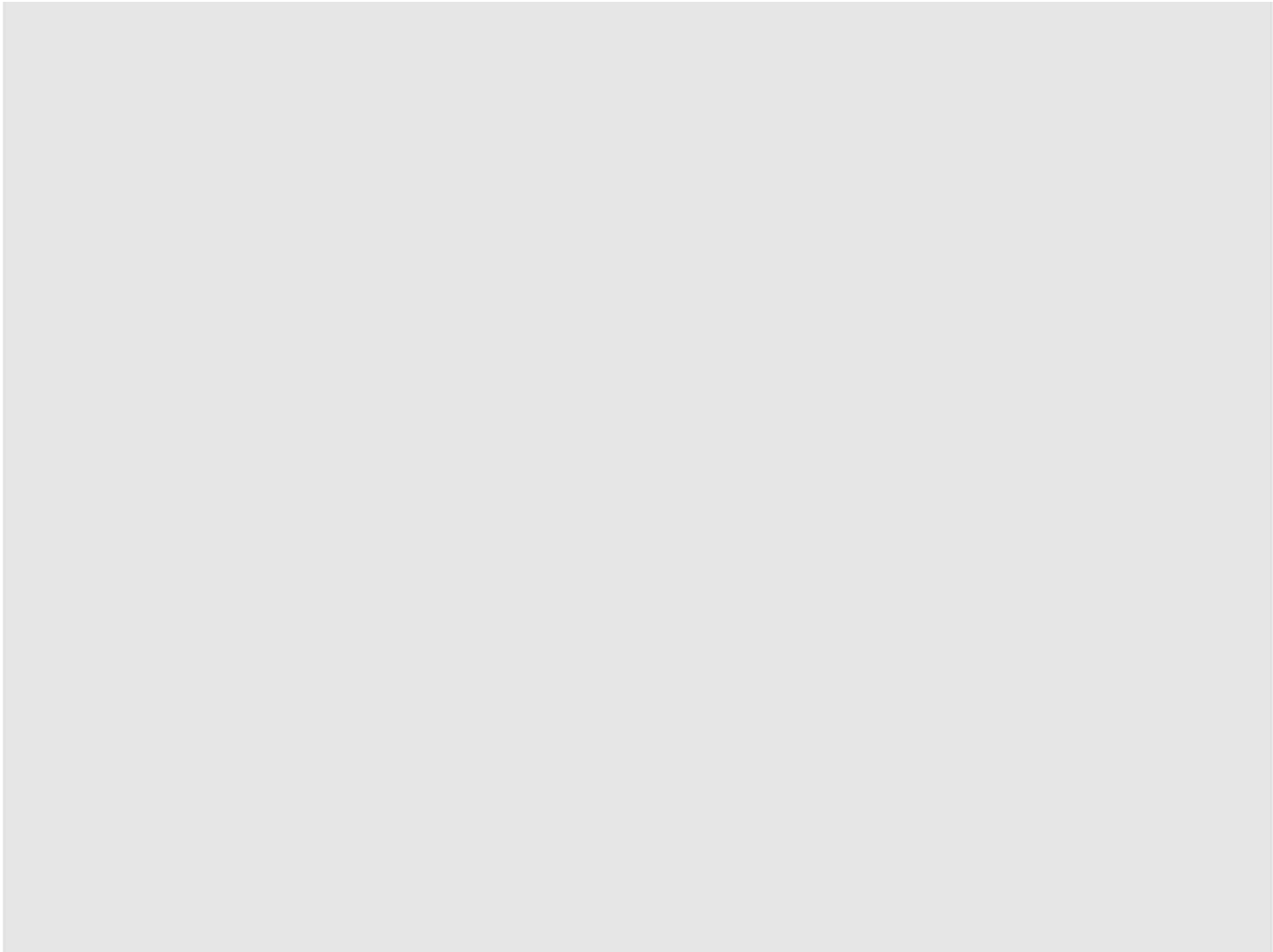
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Attorneys in pharmaceutical fraud case request more time to analyze 500K documents

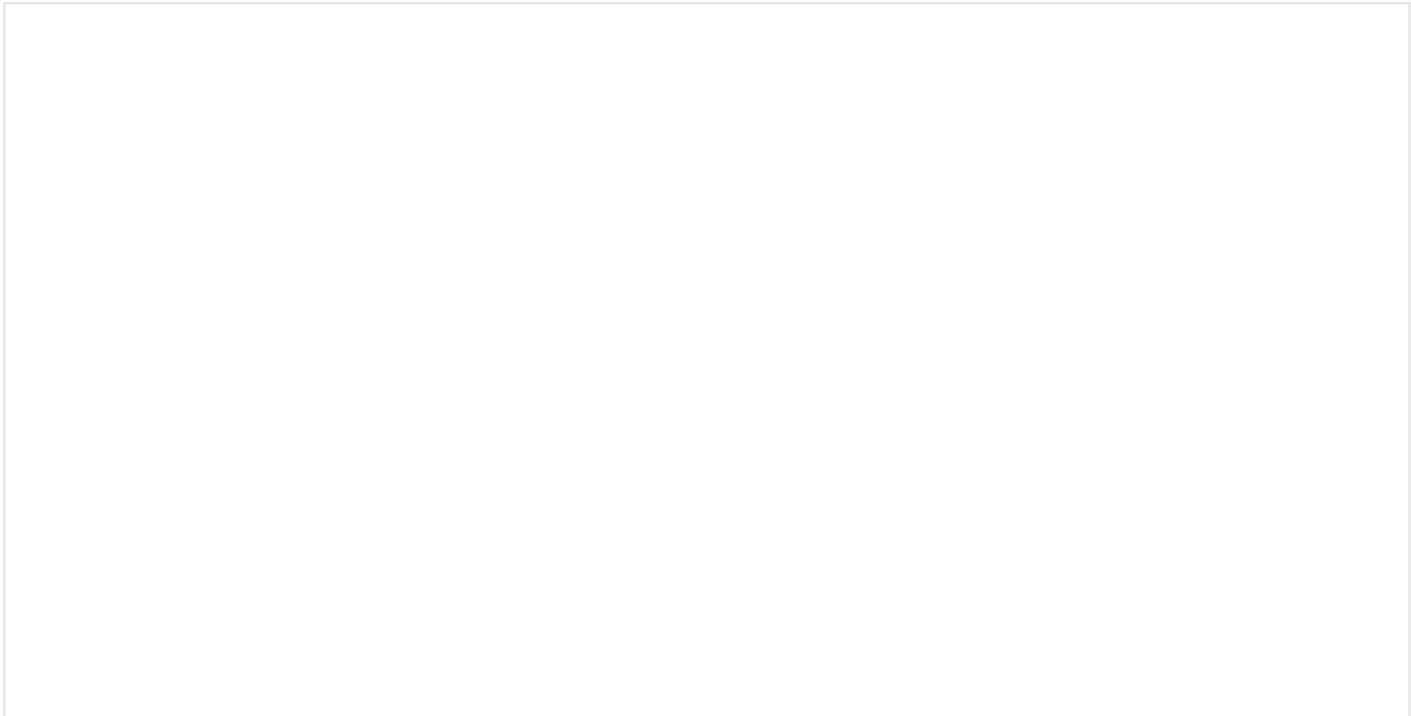


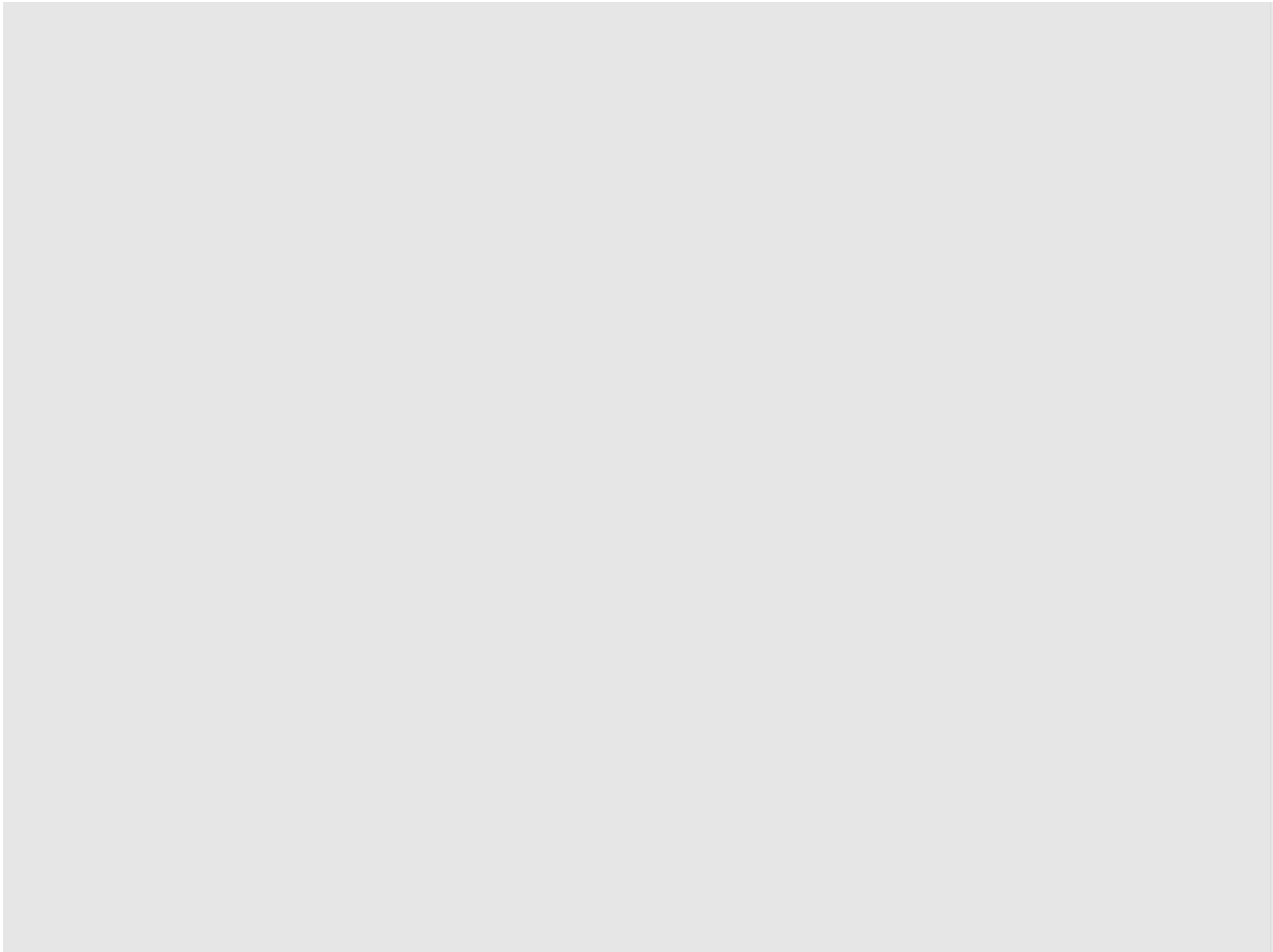
Morris County man pleads guilty to pharmaceutical fraud





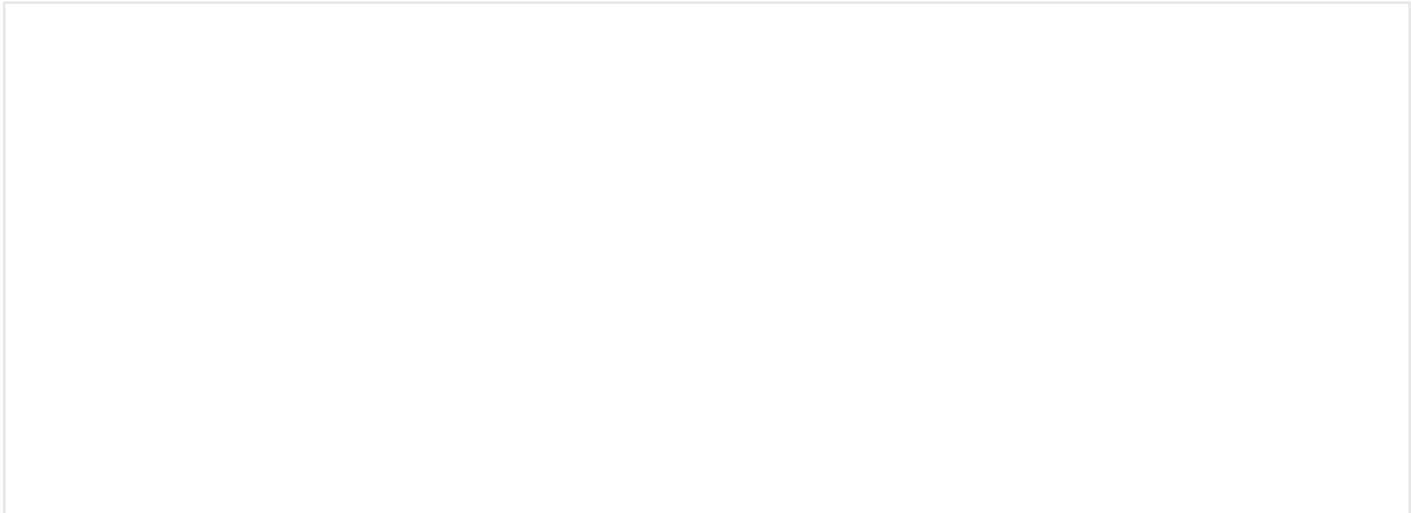
Attorneys in prescription fraud case get more time to review evidence

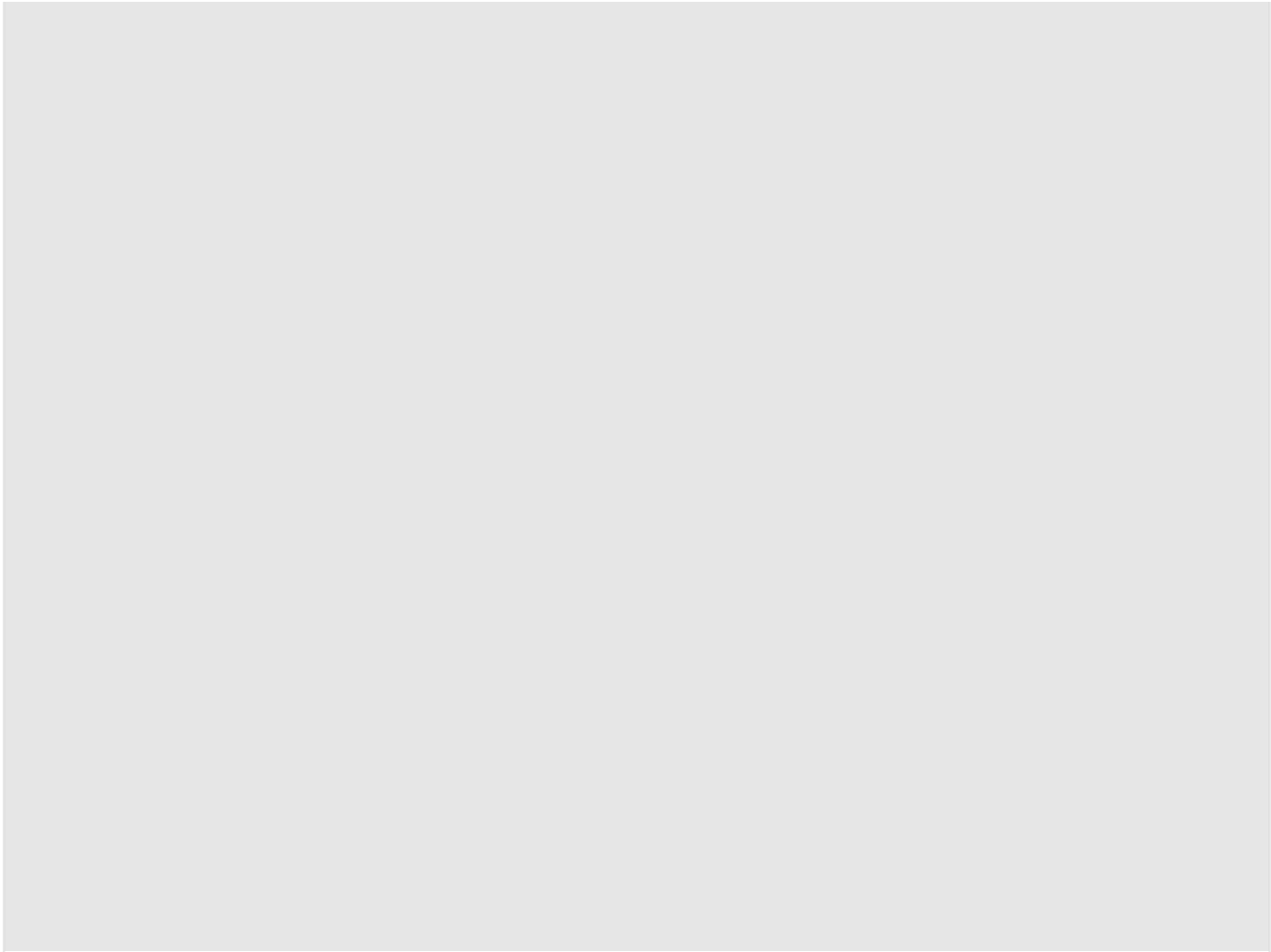




Prescription fraud case defendants to appear in U.S. District Court

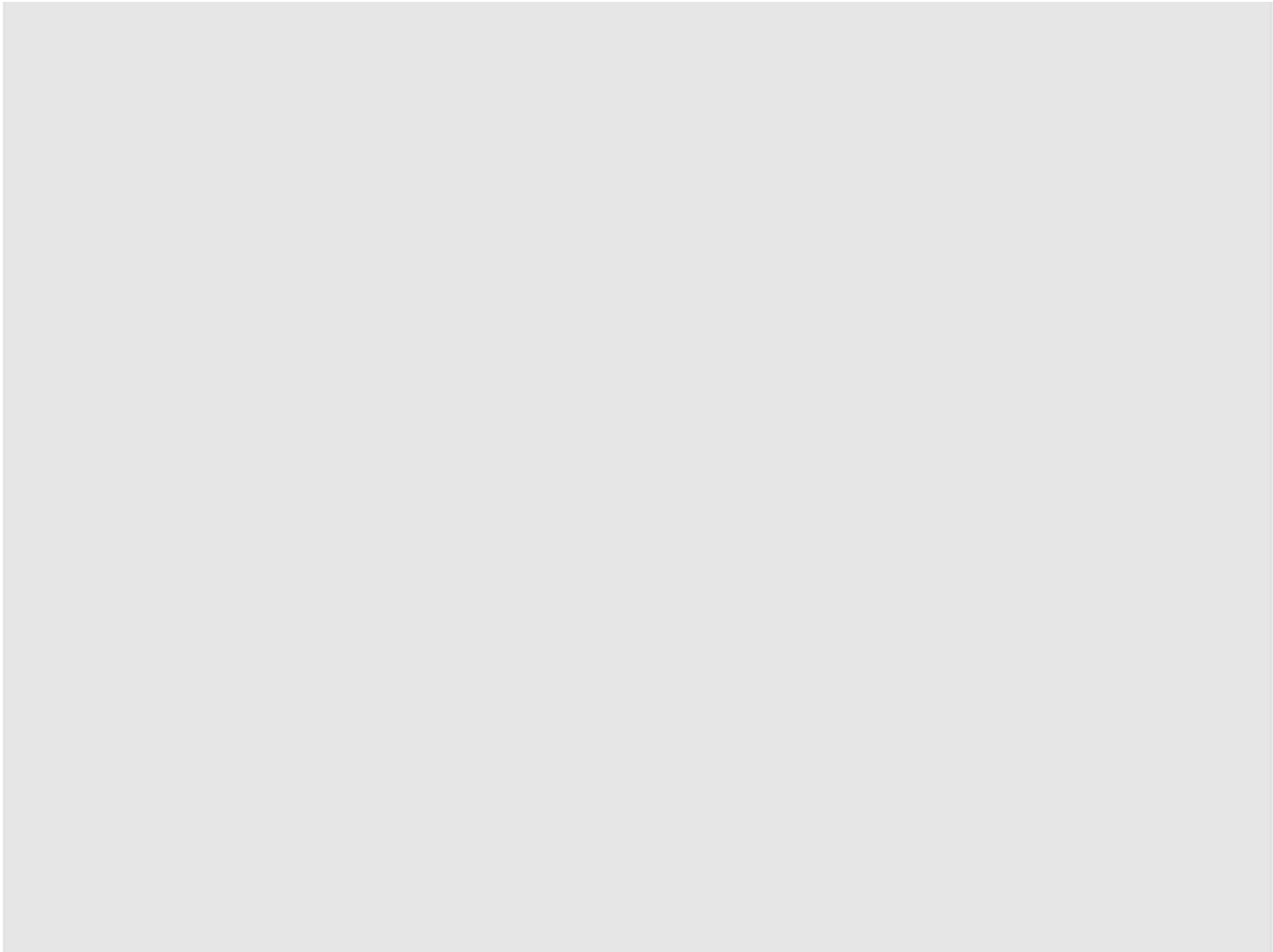
License revoked for former Pleasantville teacher involved in health care fraud



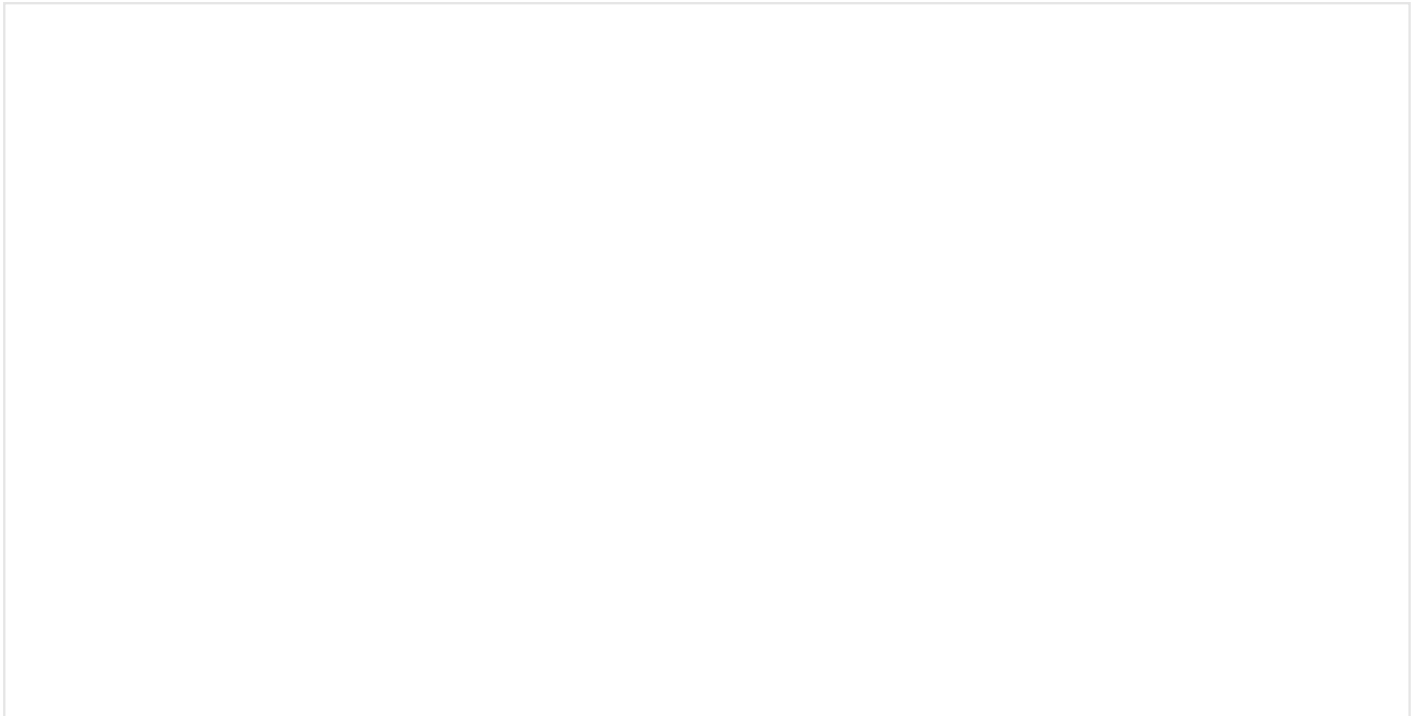


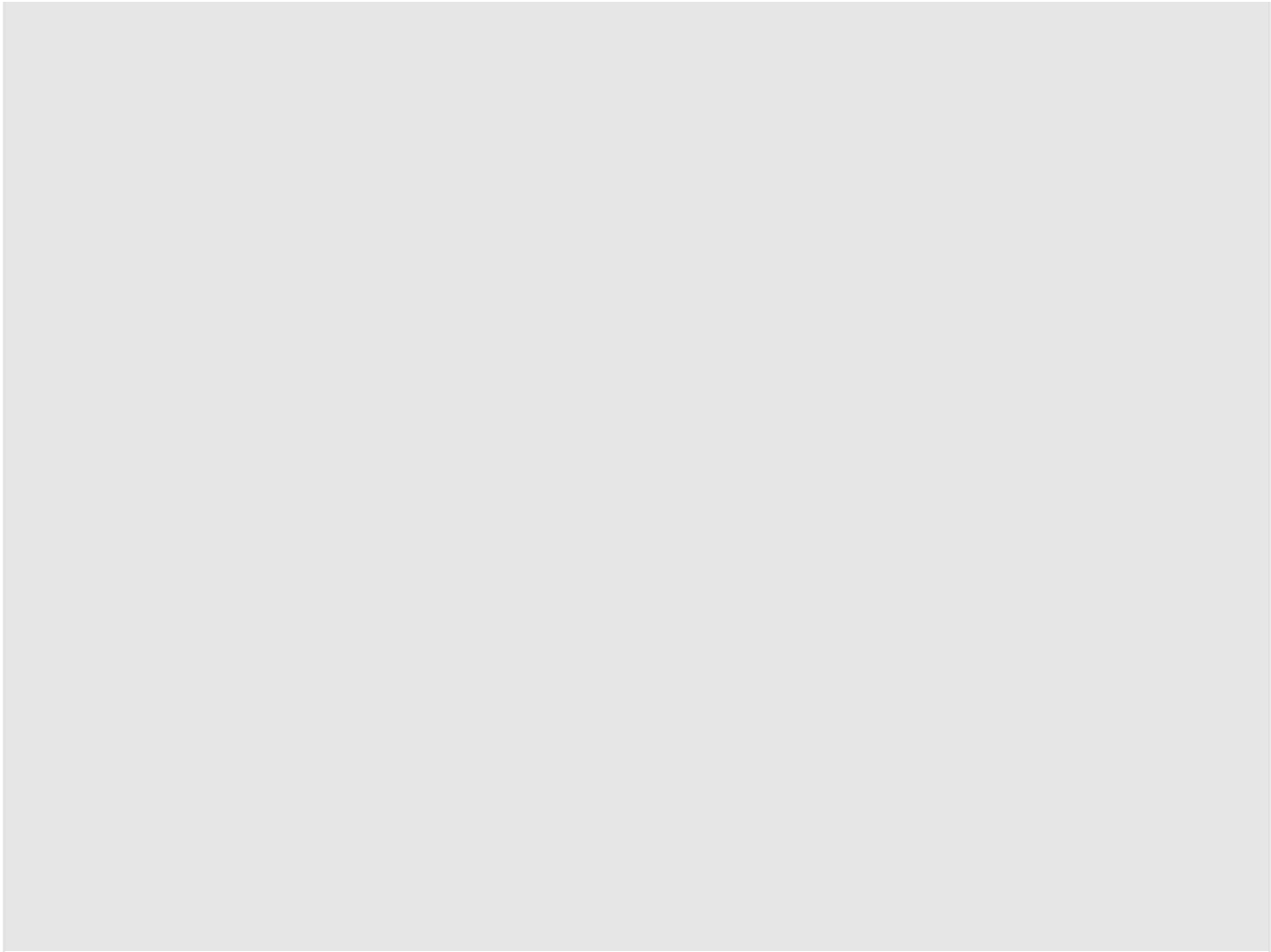
Another former Ventnor firefighter admits role in state health benefits fraud



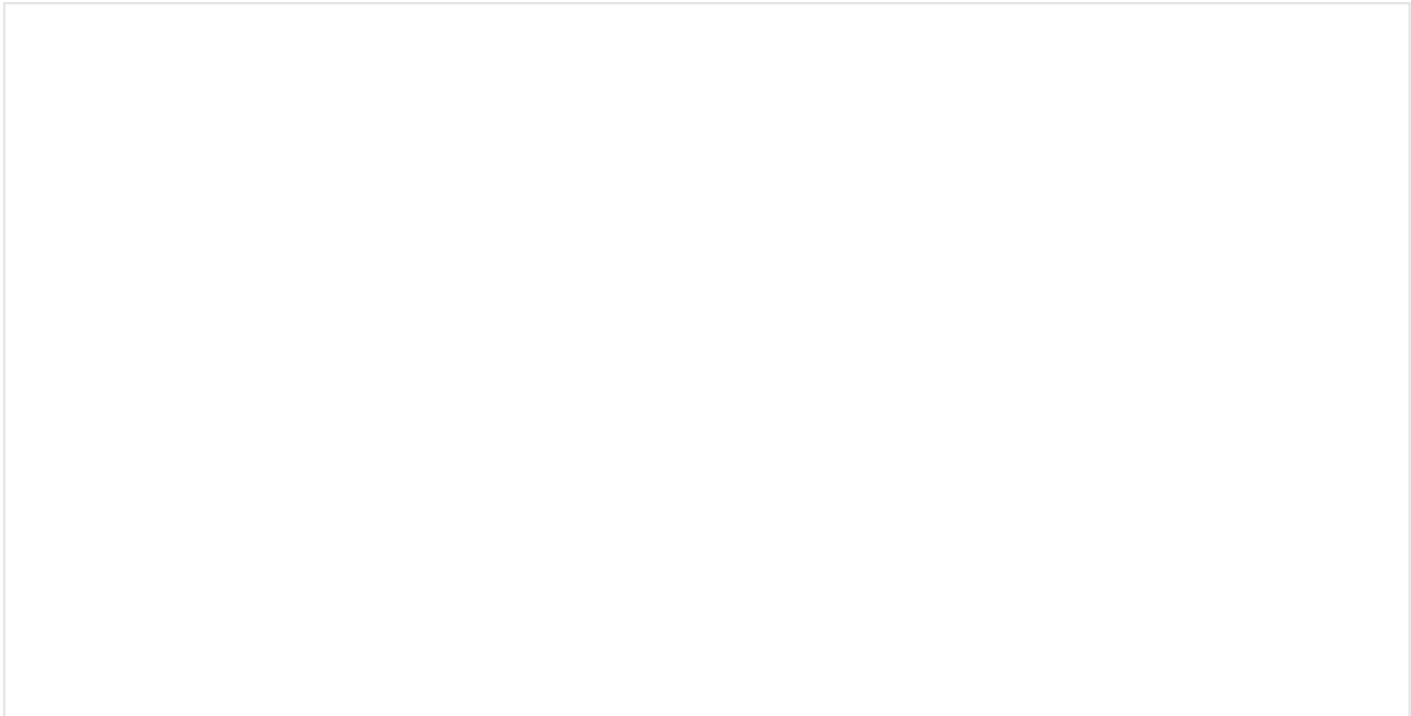


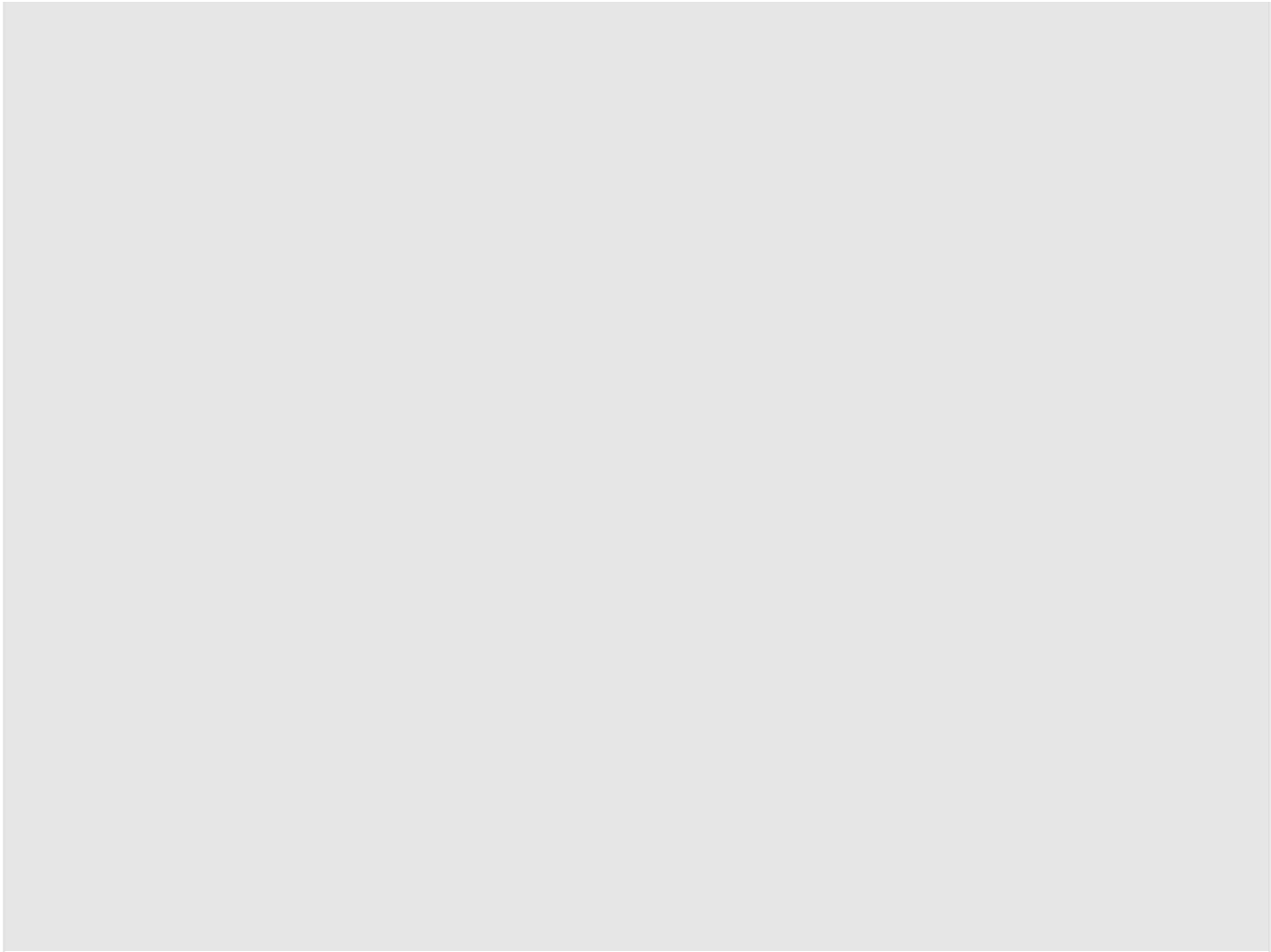
Residents charged in ongoing fraud case were hiding in plain sight



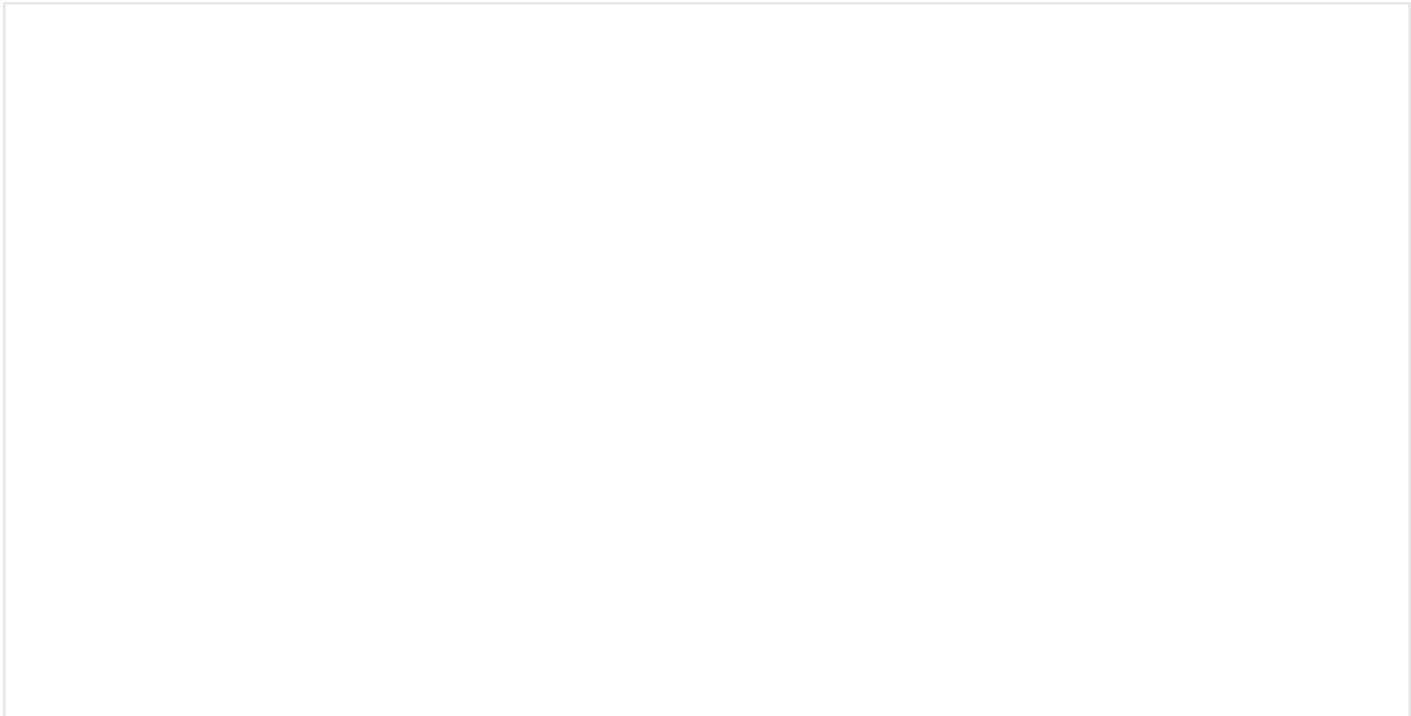


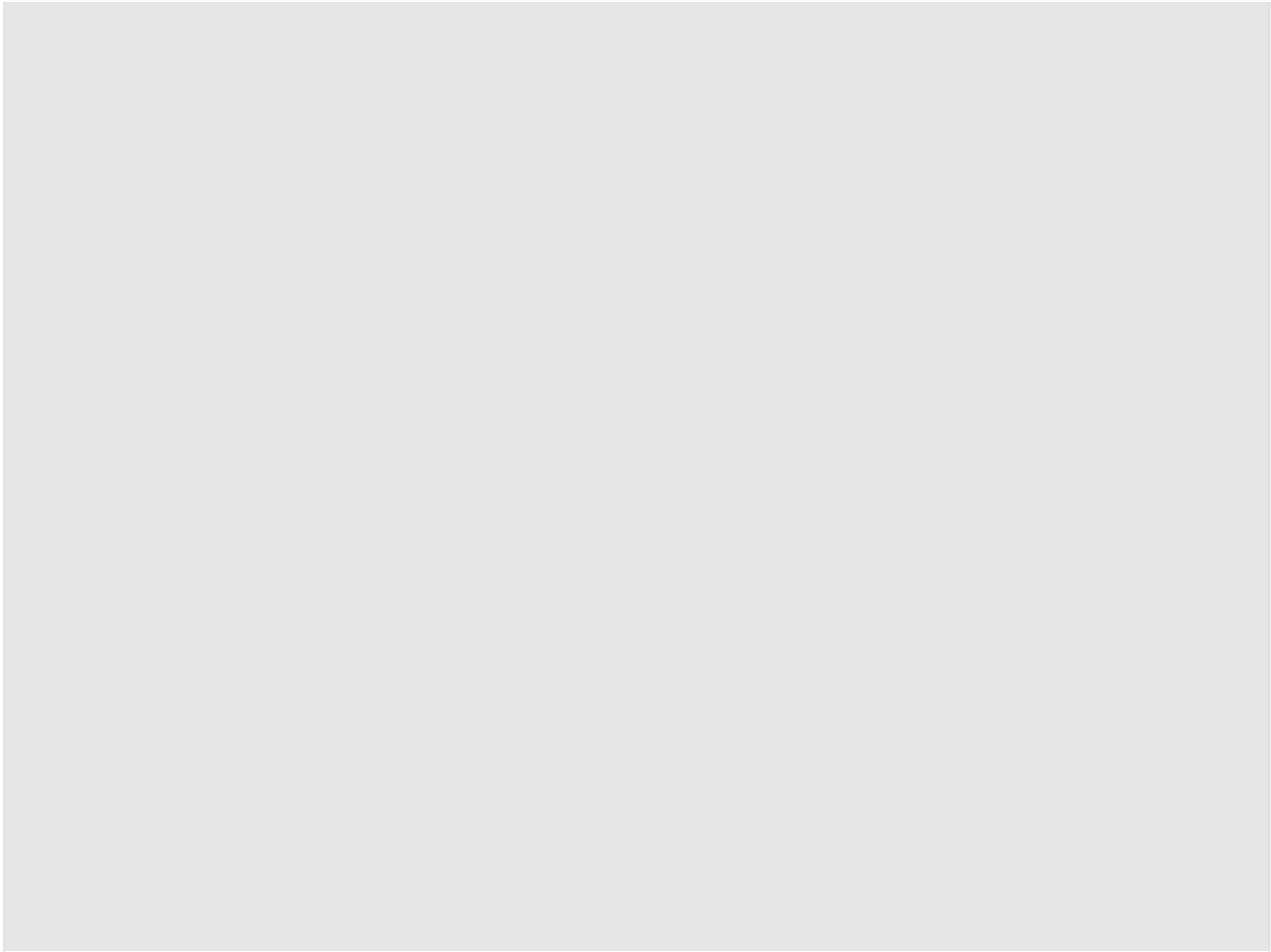
Alleged health benefits fraud ringleaders ordered to post bond



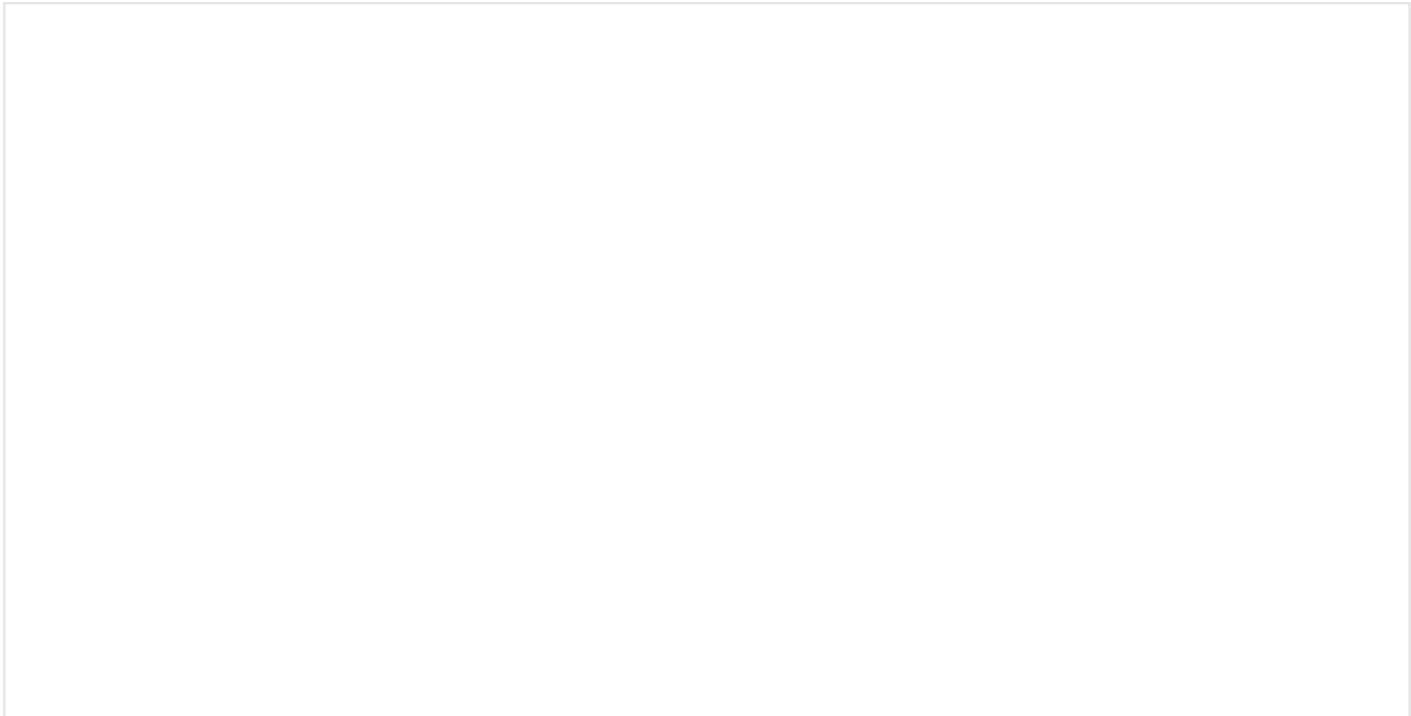


Kauffman 'crime spree' lives on through local health benefits fraud case





Alleged health benefits fraud ringleader can go to Disney, judge rules





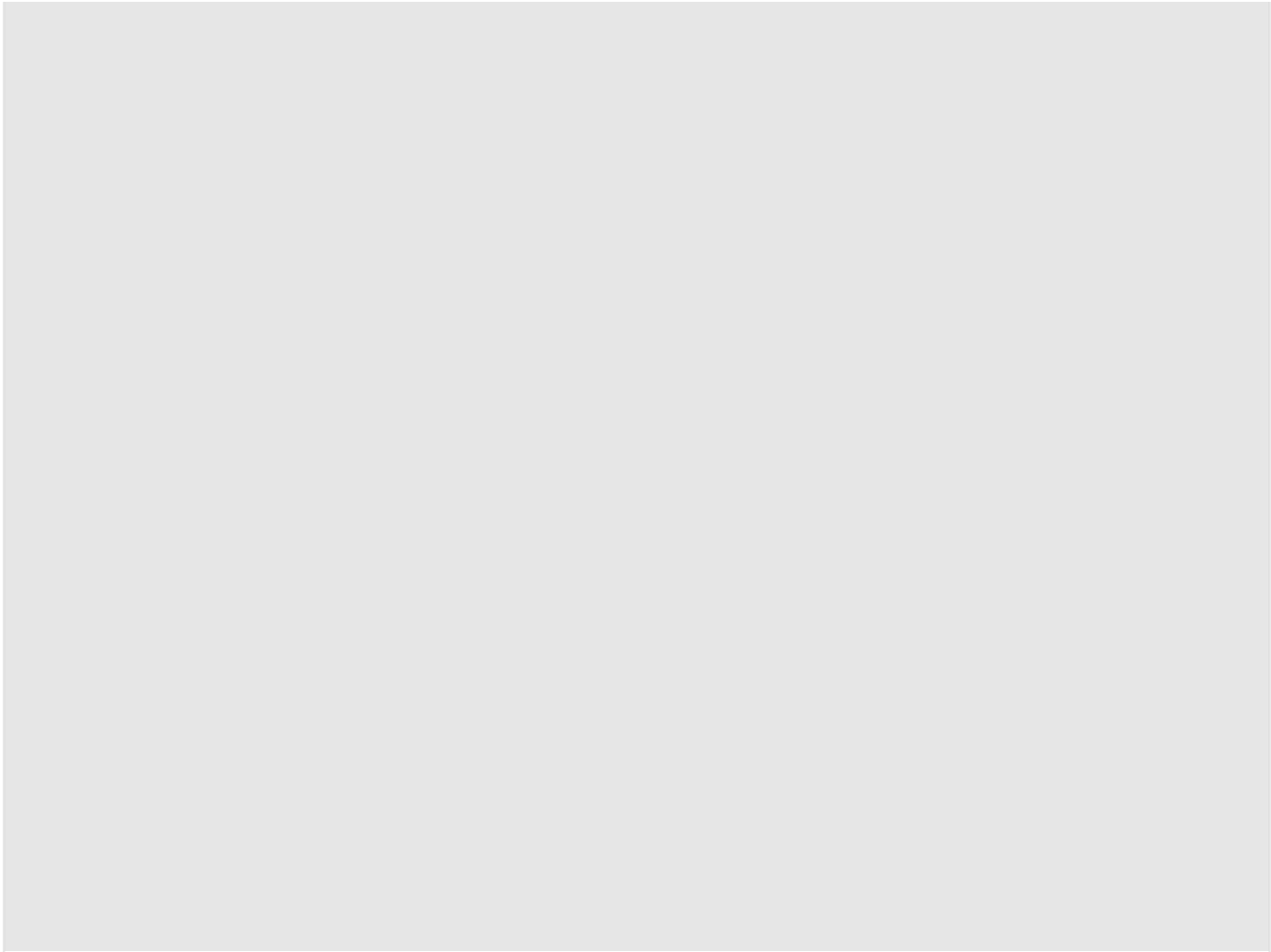
Accused health care fraud ringleaders ask judge to lift travel ban for Disney trip

Who's been charged in prescription fraud case?

Aug 20, 2019

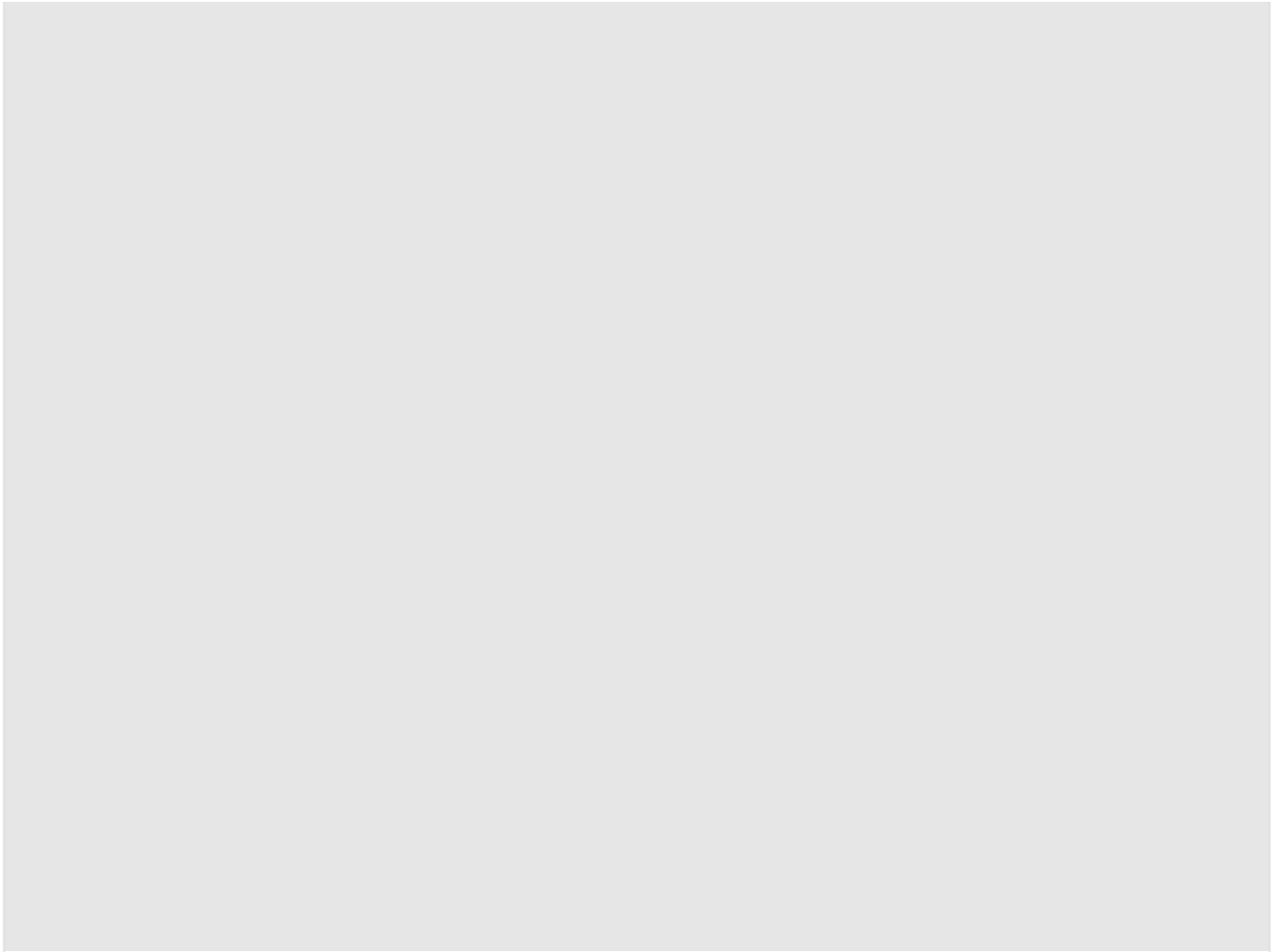


Social media threat puts area schools on alert

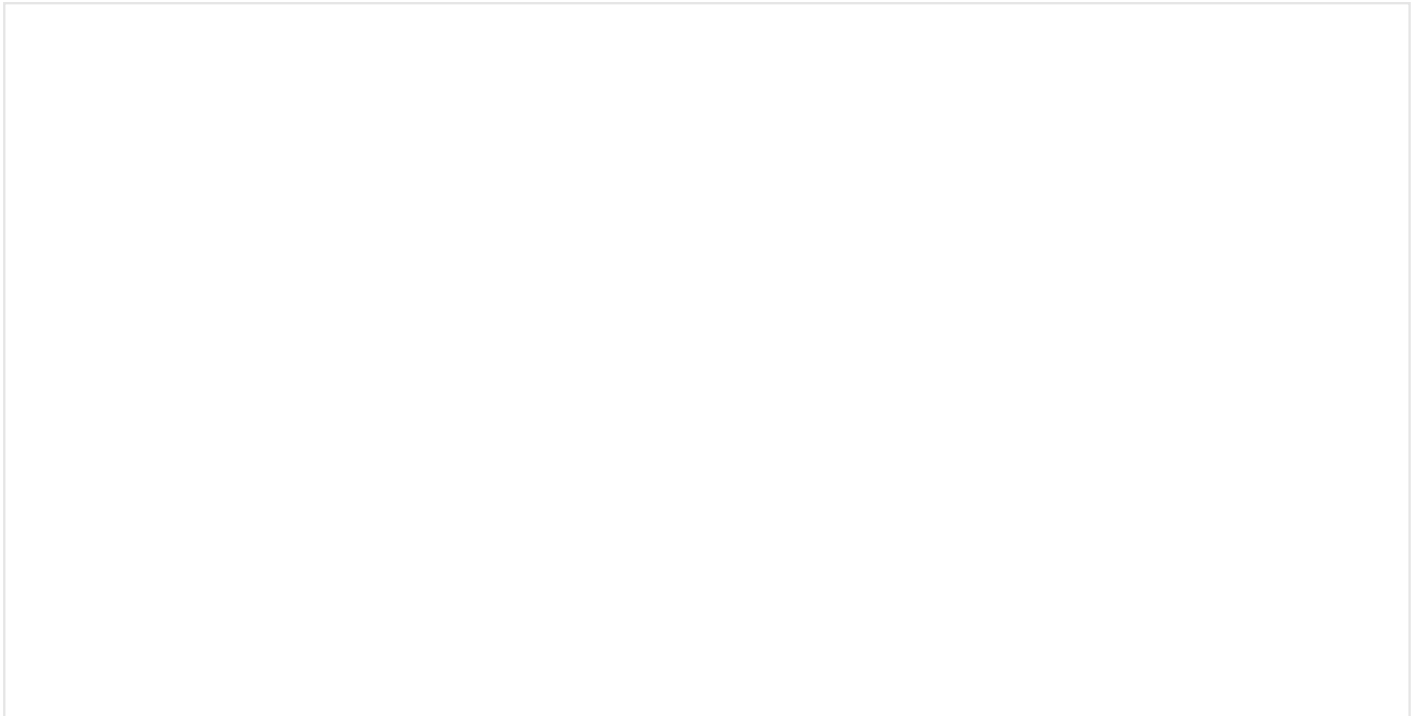


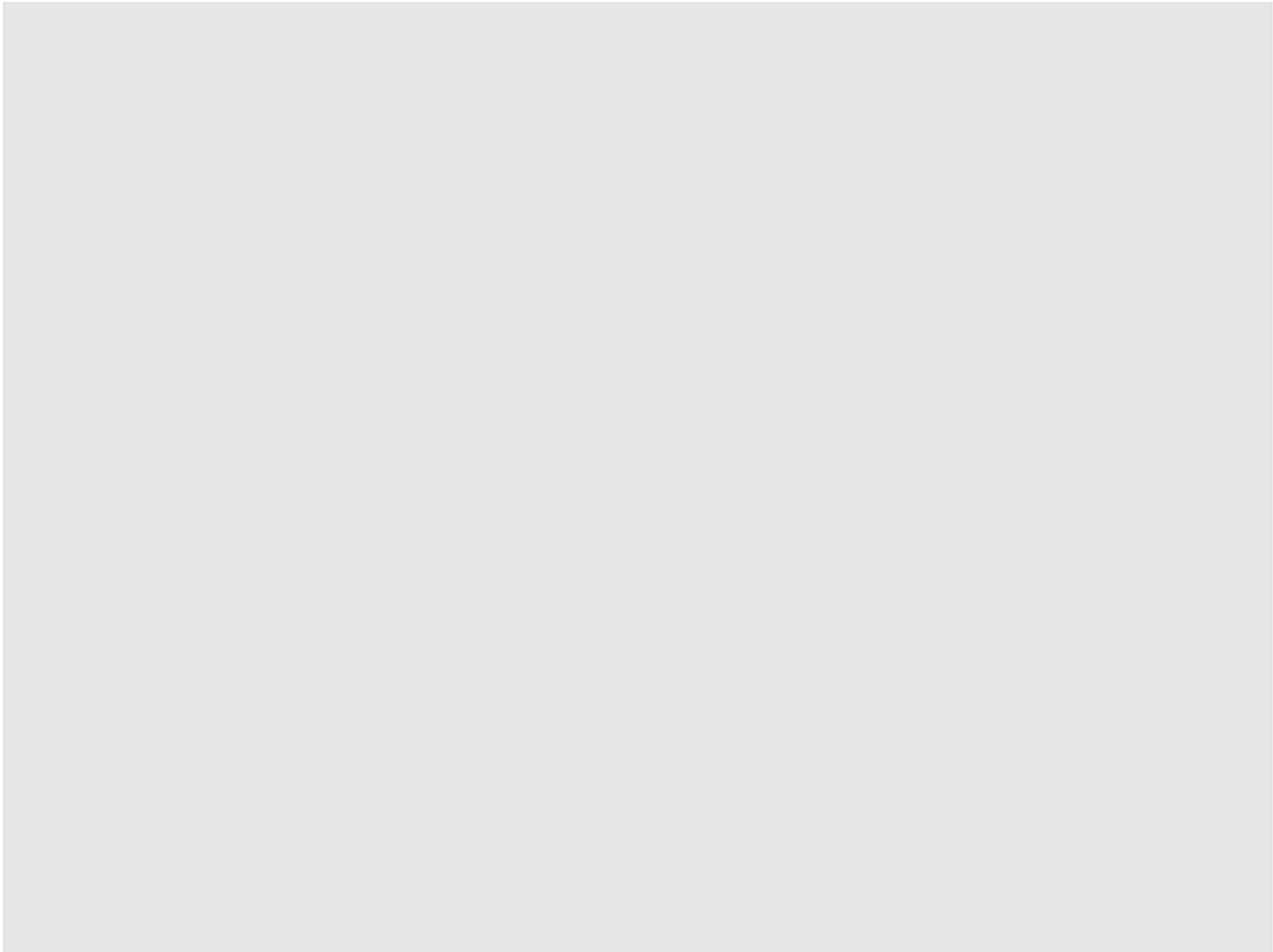
Absecon police arrest two found in stolen car after chase



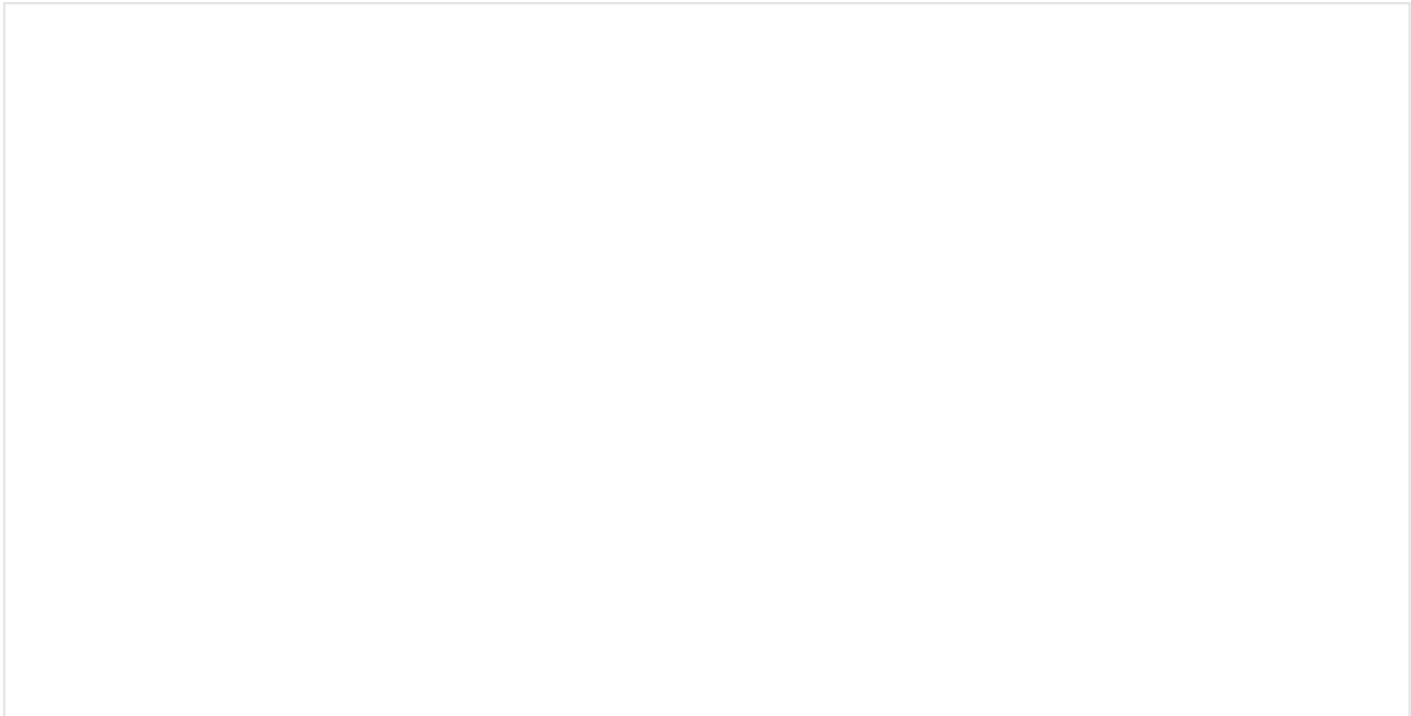


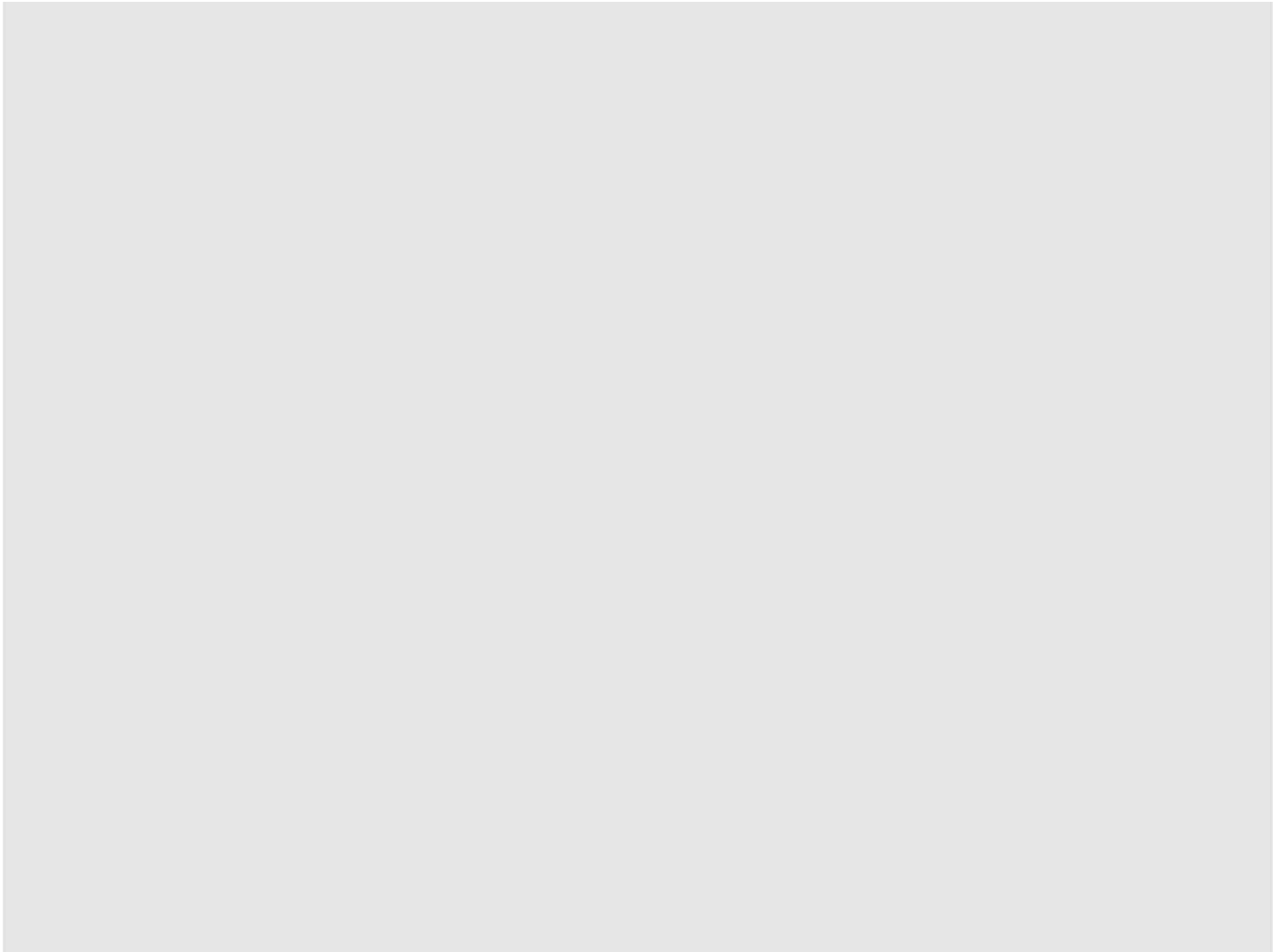
Prescription fraud case defendants to appear in U.S. District Court



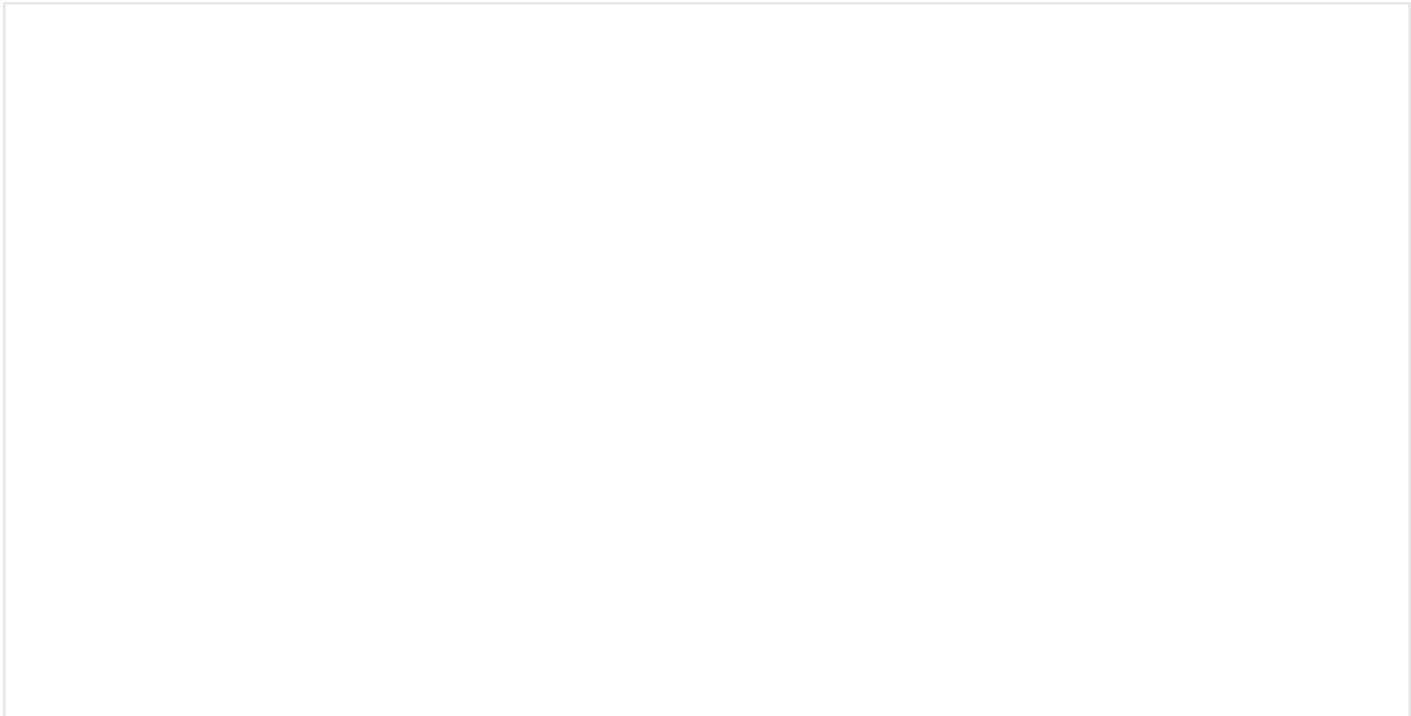


Northfield nixes vote on shared court services with EHT, partners with Linwood





Northfield pharmaceutical rep admits to health care fraud



Status conference in prescription fraud case held via telephone last week

Molly Bilinski

Staff Writer

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https://www.pressofatlanticcity.com/news/crime/attorneys-in-pharmaceutical-fraud-case-request-more-time-to-analyze-500k-documents/article_9c9145cf-966f-59ad-828b-84f96a6fd859.html

Attorneys in pharmaceutical fraud case request more time to analyze 500K documents

COLT SHAW Staff Writer

Sep 25, 2019



Press archives

CAMDEN — For the second time, attorneys in the ongoing pharmaceutical fraud case have asked for more time to work through piles of documentation.

About 30 people have been charged in the case, with more than 20 pleading guilty so far.

Attorneys for seven defendants, including alleged ringleaders William and Sara Hickman, of Northfield, asked District Judge Robert Kugler to put off scheduling the start of a trial at a status conference Tuesday afternoon.

The defendants, charged in a roughly \$50 million scheme prosecutors say involved billing the state's public employee health benefits plans for medically unnecessary compounded medication and receiving kickbacks from an out-of-state pharmacy, were not in the courtroom.

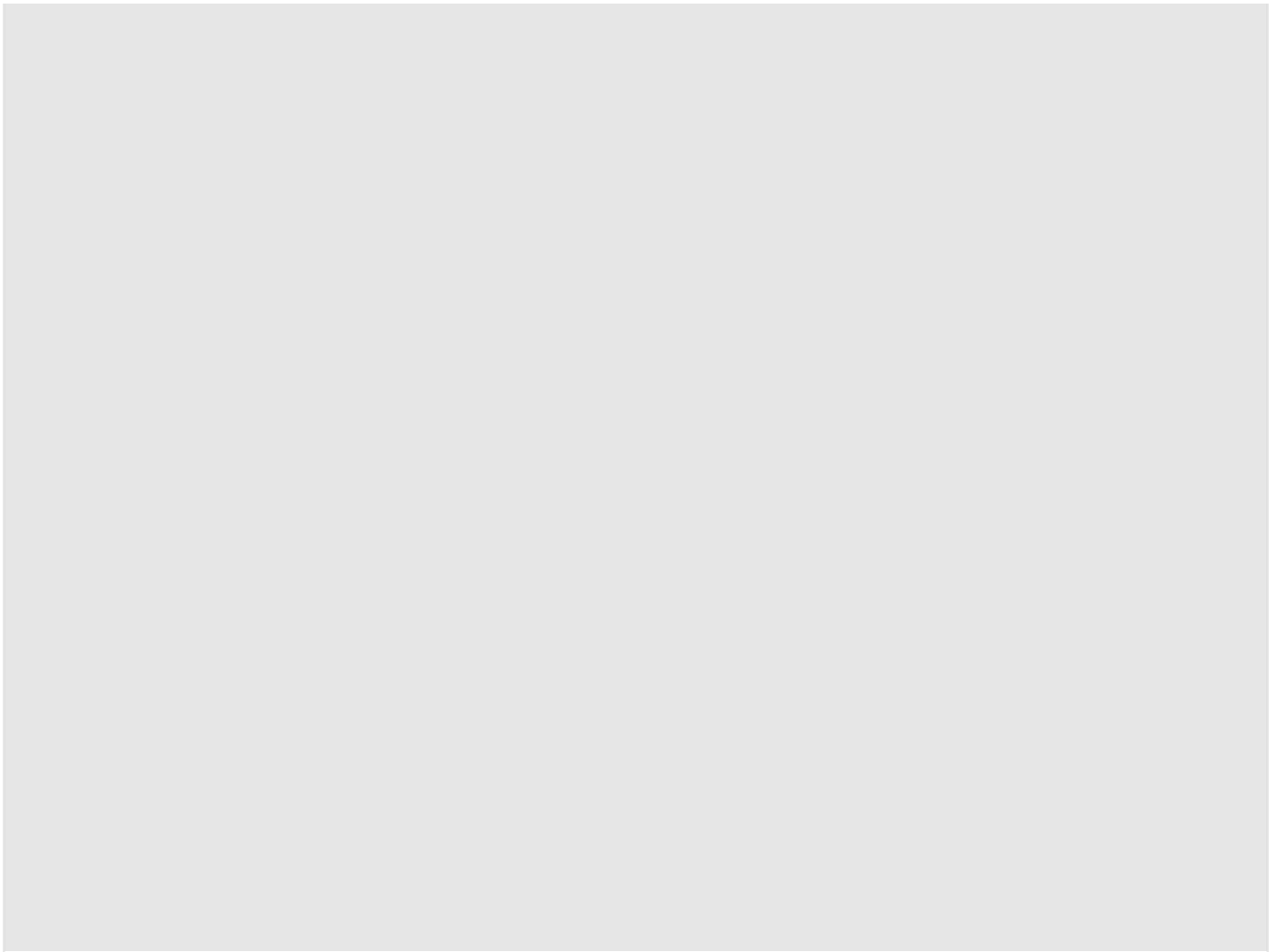


Prescription fraud case defendants to appear in U.S. District Court

Their attorneys said they have received about 500,000 pages of documents in the process of discovery that they still need to sift through. Some doctors' illegible handwriting has slowed the process, said Samuel Moulthrop, who is representing William Hickman. About 150 health care providers wrote prescriptions related to the case, said Moulthrop, though he doesn't believe all are implicated.

The attorneys asked that the court wait 90 days before scheduling the trial, preferably waiting until mid-January to avoid conflicts with the holiday season.

"We're a long way from plowing through them," Moulthrop said.

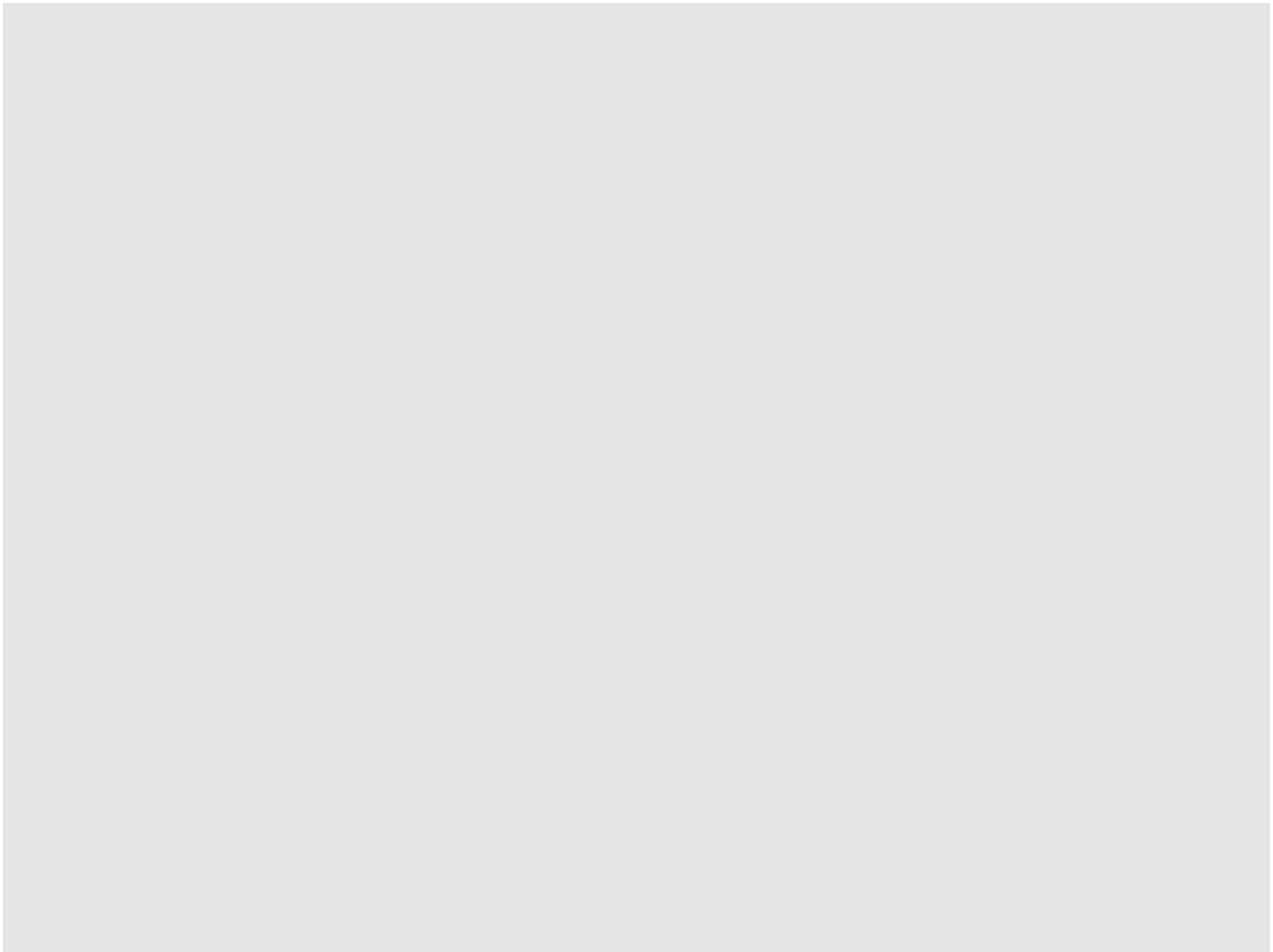


Attorneys in prescription fraud case get more time to review evidence

Kugler agreed that analyzing mountains of documents is a “daunting task” but added the court has “been at this for some time.” He scheduled the next status conference for Nov. 26 and said he would like to discuss any potential motions so they can be filed before the end of the year.

Kugler's decision Tuesday follows a 90-day continuance in June for the same reason, with attorneys arguing then that they needed more time to wrap their heads around large amounts of documents.

Assistant U.S. Attorney R. David Walk Jr., said his team's evidence also includes about 550,000 pages of documents, representing about 250 interview memos and 120 gigabytes of data, but said the prosecution would like to "get to the point."



Another former Ventnor firefighter admits role in state health benefits fraud

Represented in court Tuesday alongside William Hickman, 43, a pharmaceutical sales representative, and Sara Hickman, 42, a former charter school representative, were the following:

Thomas Schallus, 42, a Ventnor police officer

Brian Pugh, 42, of Absecon, co-owner of Tony's Baltimore Grill and owner of BP Med 1 LLC

Christopher Broccoli, 47, of West Deptford, Gloucester County, a Camden firefighter

Thomas Sher, 46, of Northfield, and John Sher, 37, of Margate, both Margate firefighters

In August, Kristie Masucci, 37, of the Cedar Run section of Stafford Township, became the first person to be sentenced in the case. Masucci received two years in federal prison and three years of probation, and must pay about \$1.8 million in restitution.

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Residents charged in ongoing fraud case were hiding in plain sight



Judge rules Sher brothers can meet without lawyer in prescription fraud case



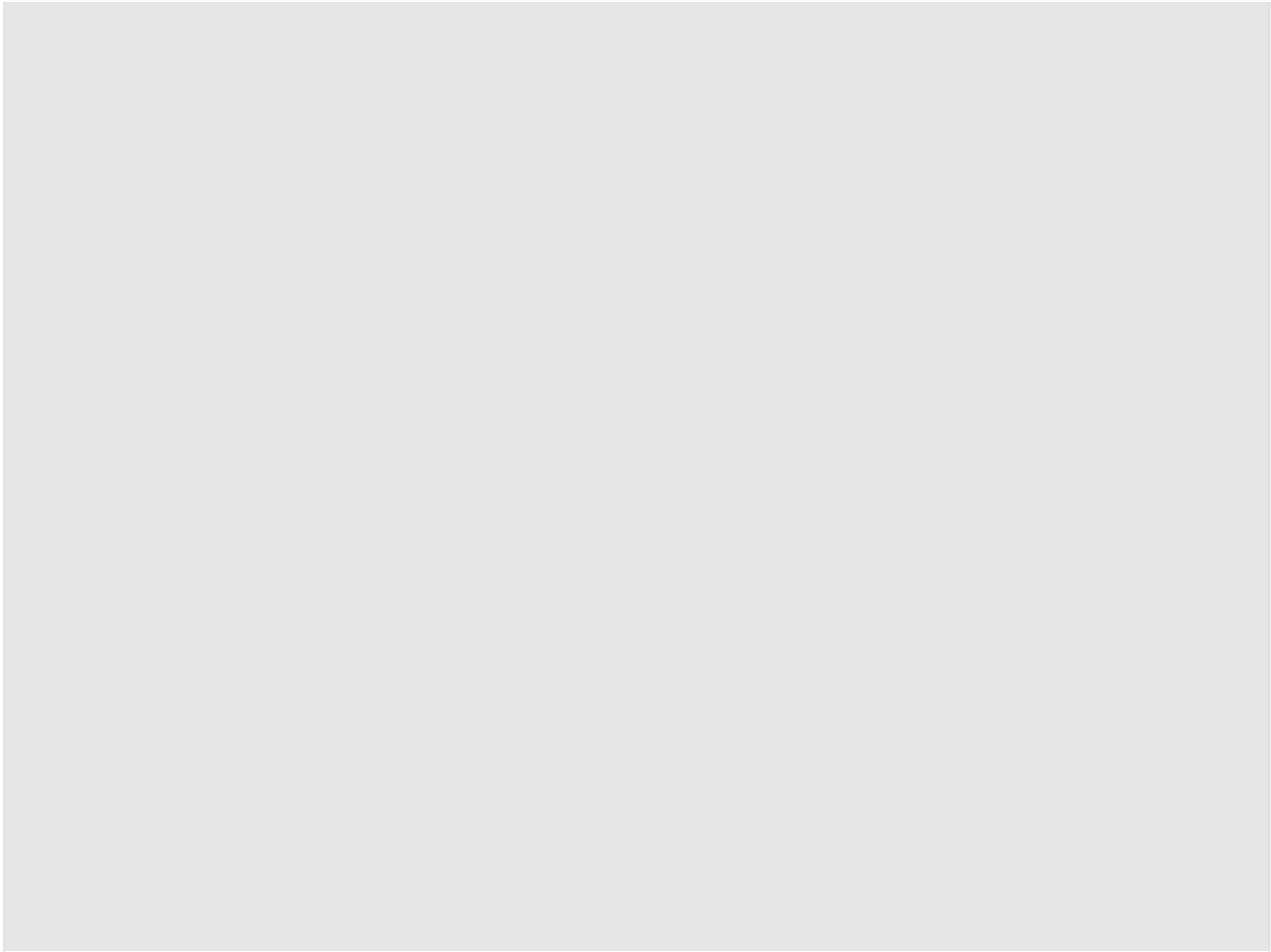
Atlantic City police seek man wanted in shooting



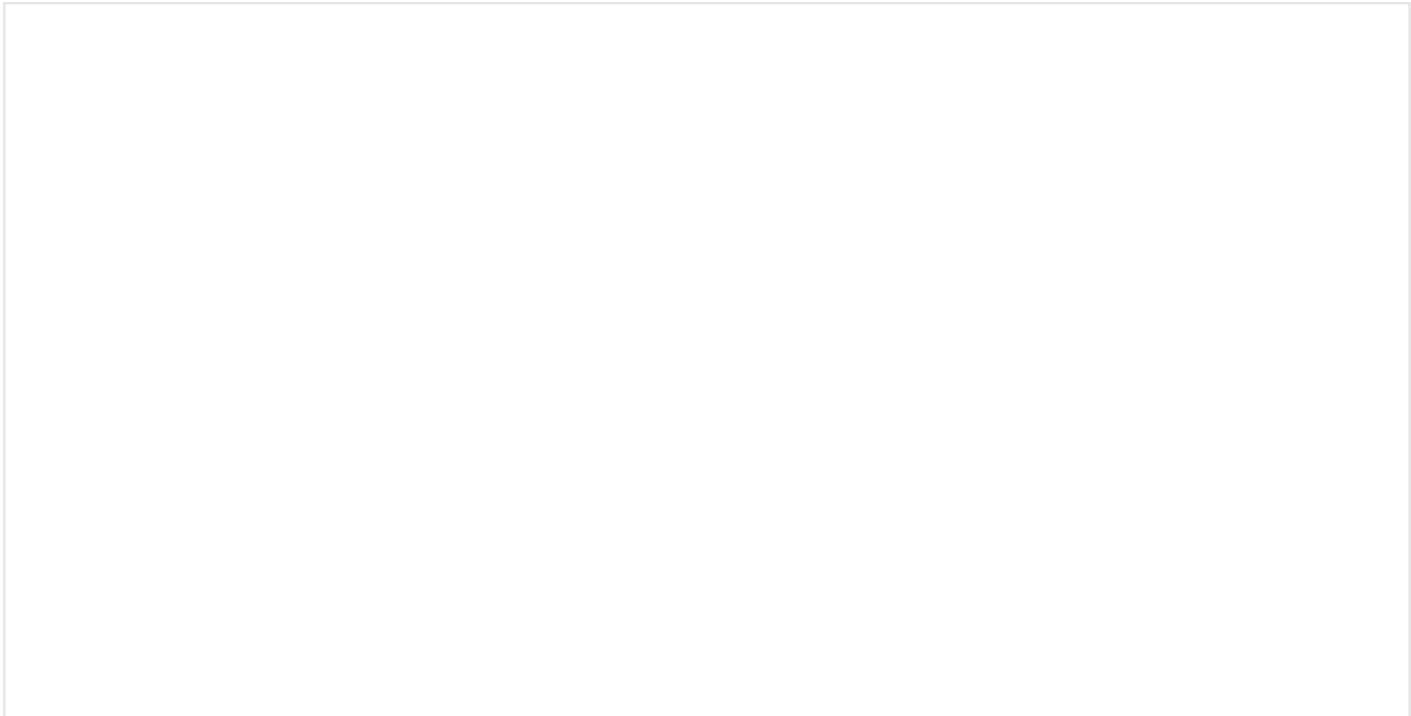
2 doctors, 3 associates charged in ongoing health benefits fraud case

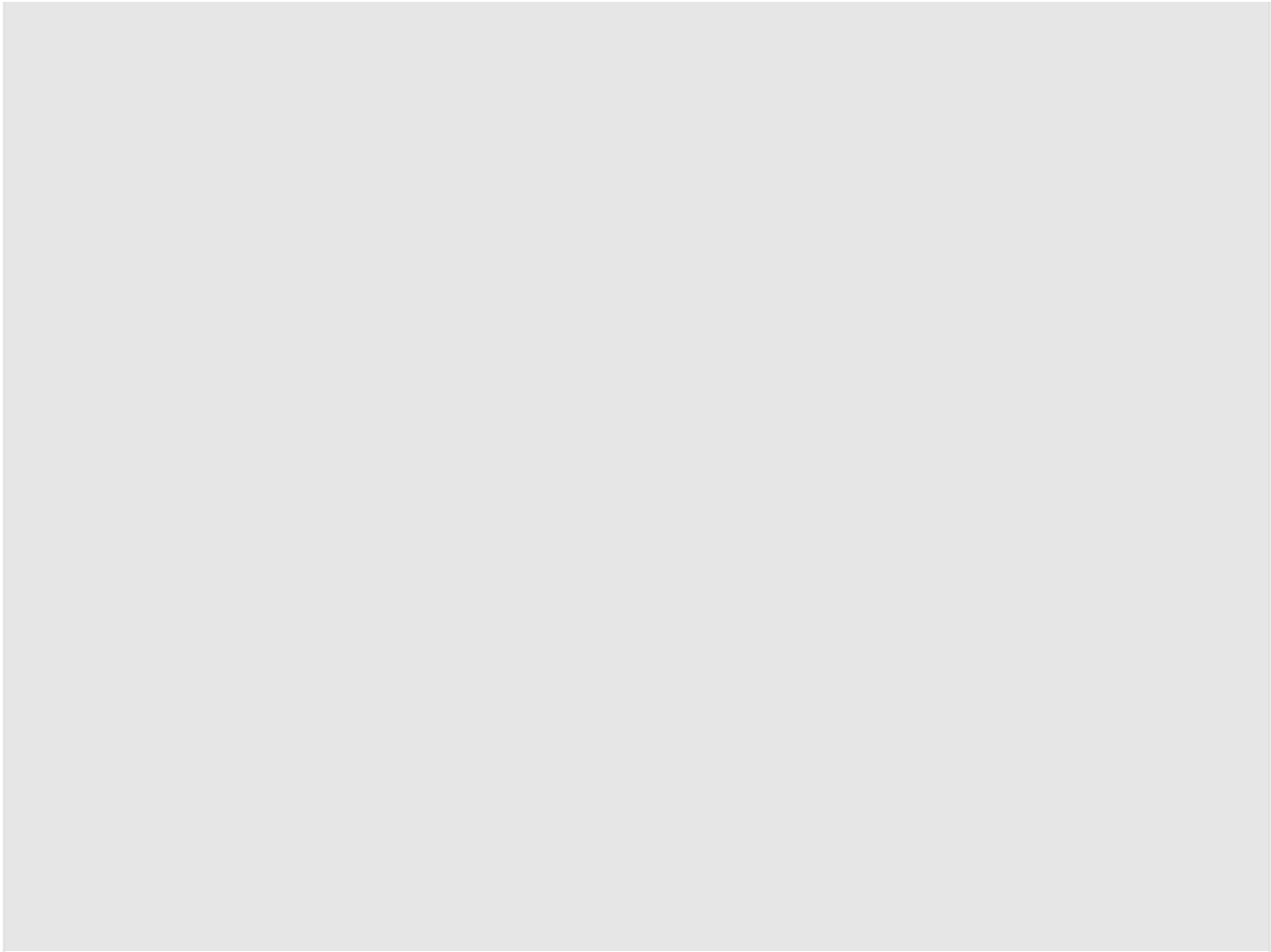
Gunshots fired in neighborhood near Holy Spirit High School in Absecon

Firefighters who admitted to health benefits fraud have withdrawn pension contributions

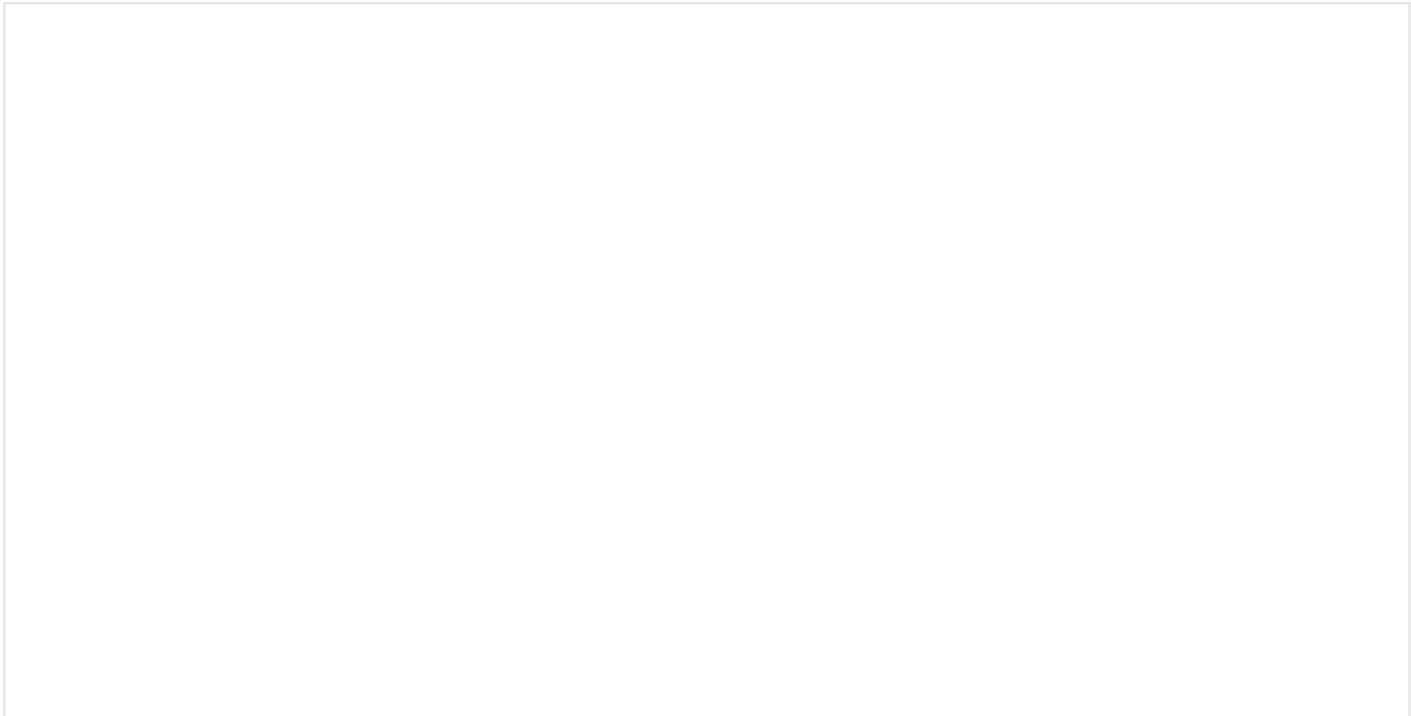


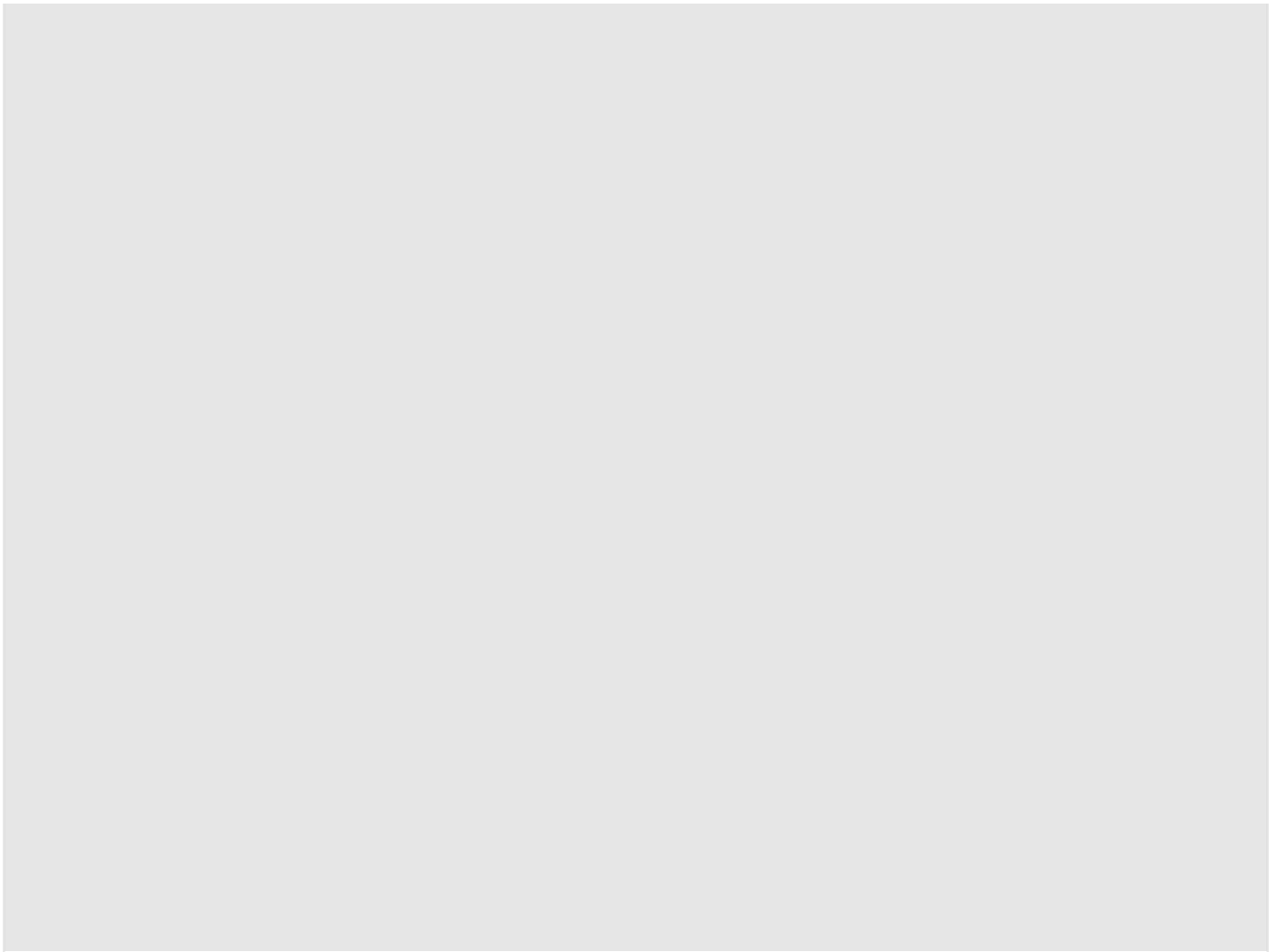
Sentencings delayed again in prescription fraud case



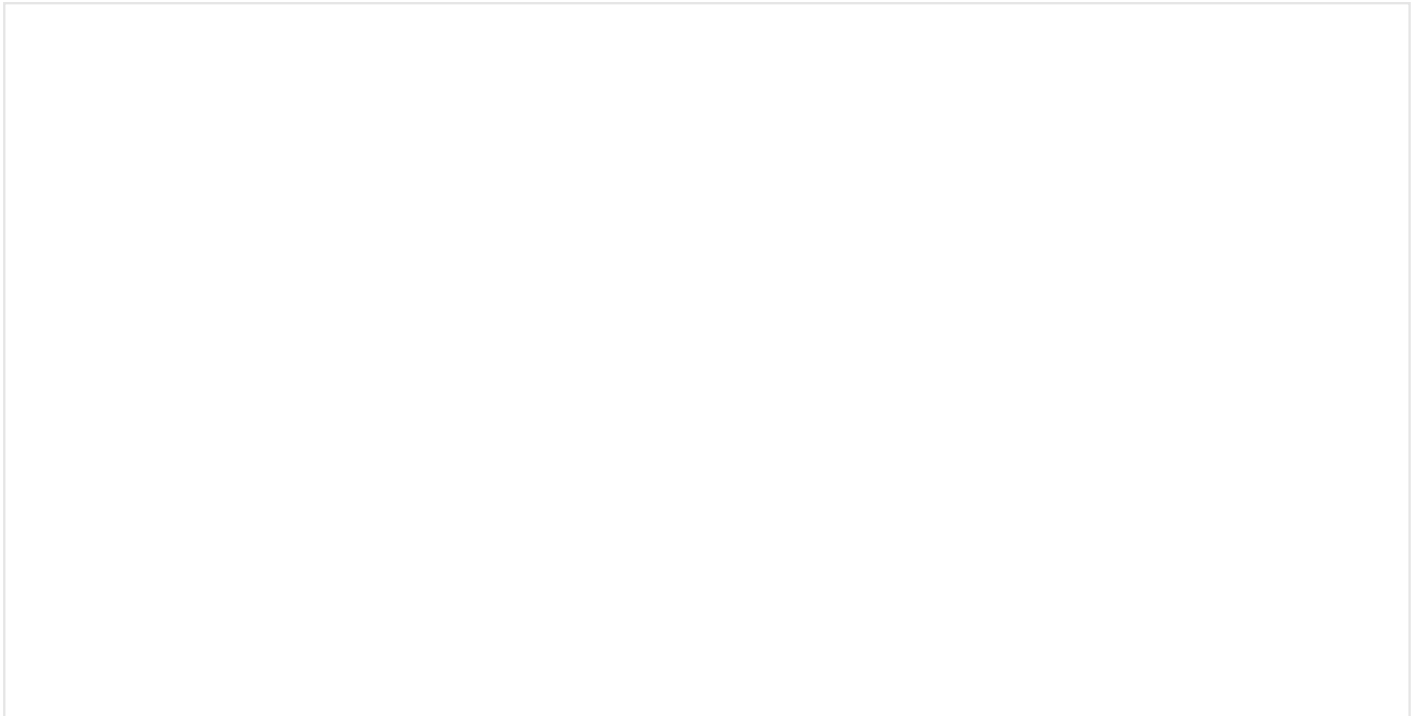


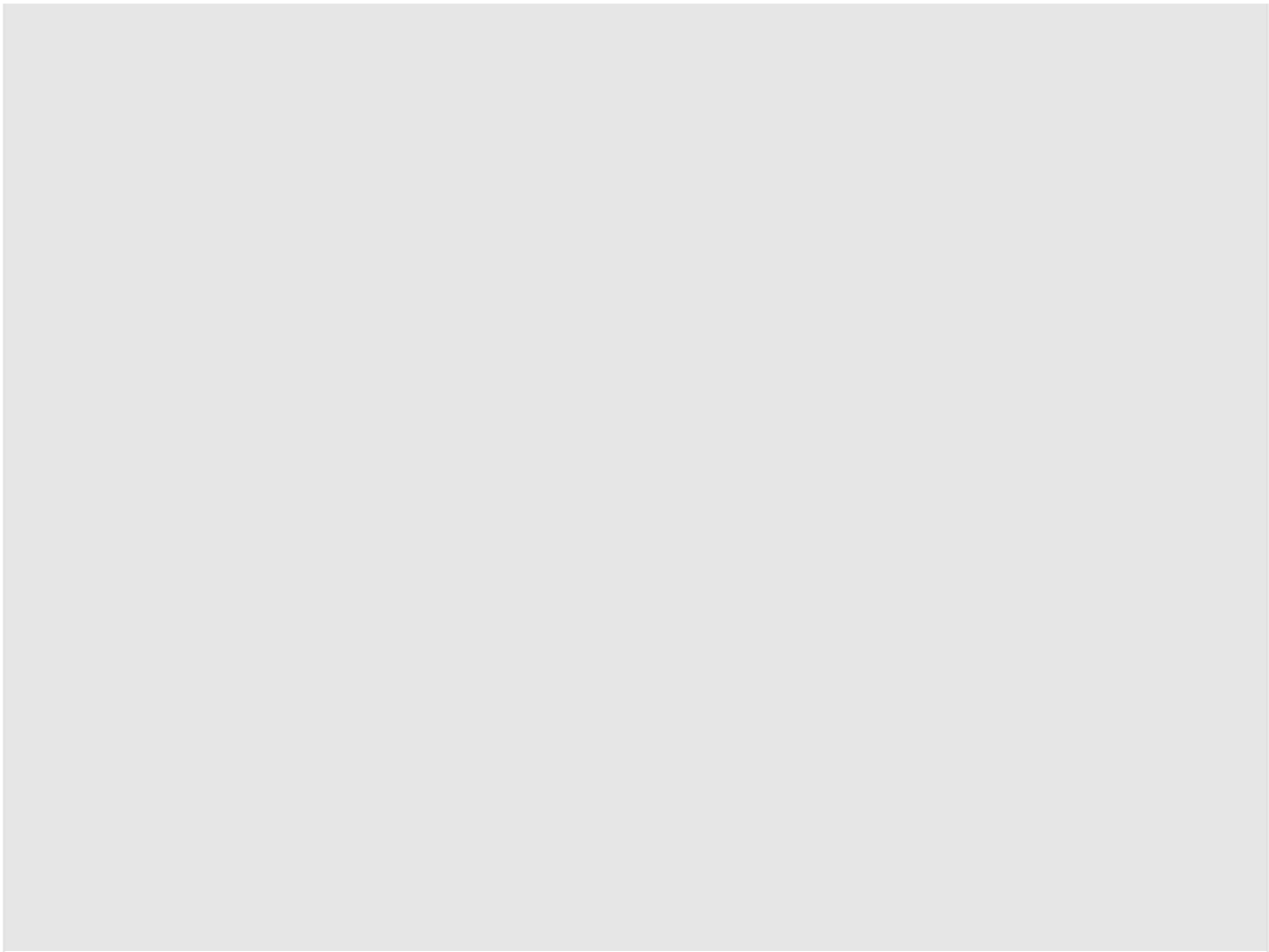
Court date for prescription fraud case postponed



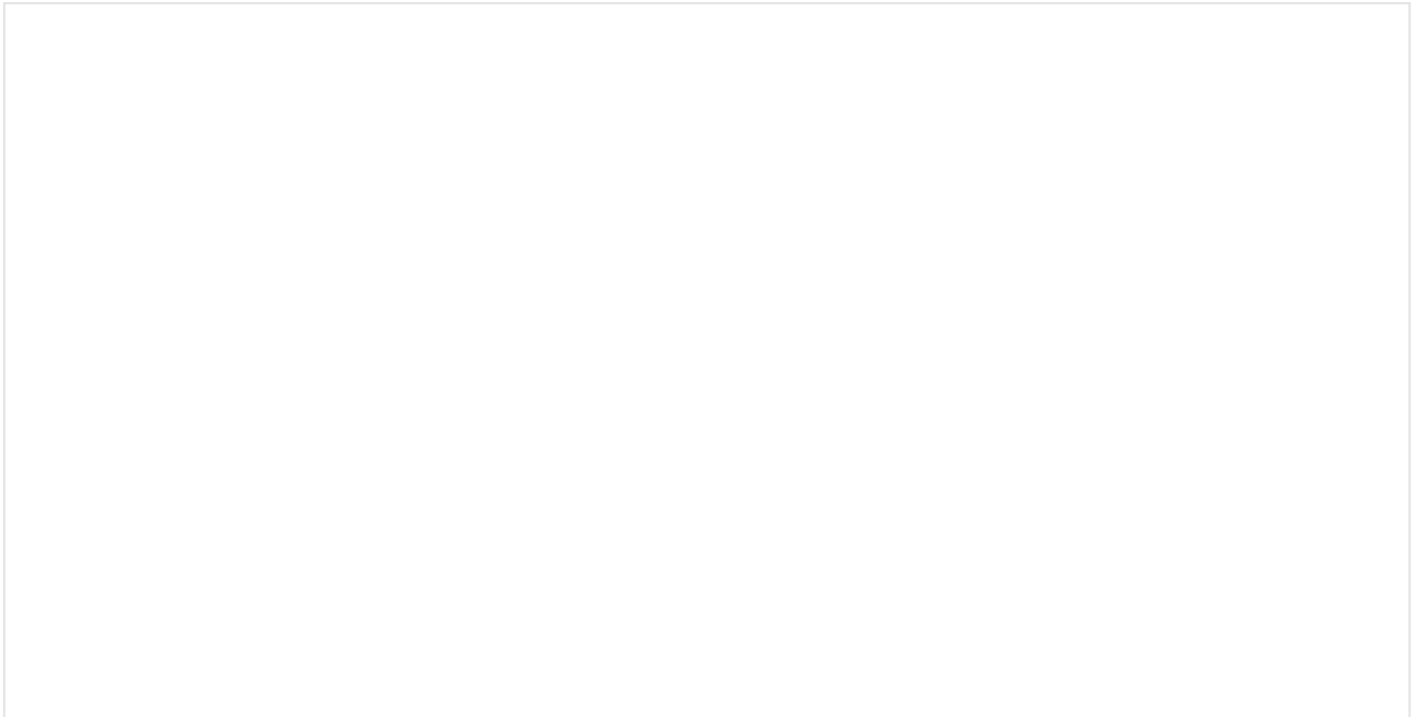


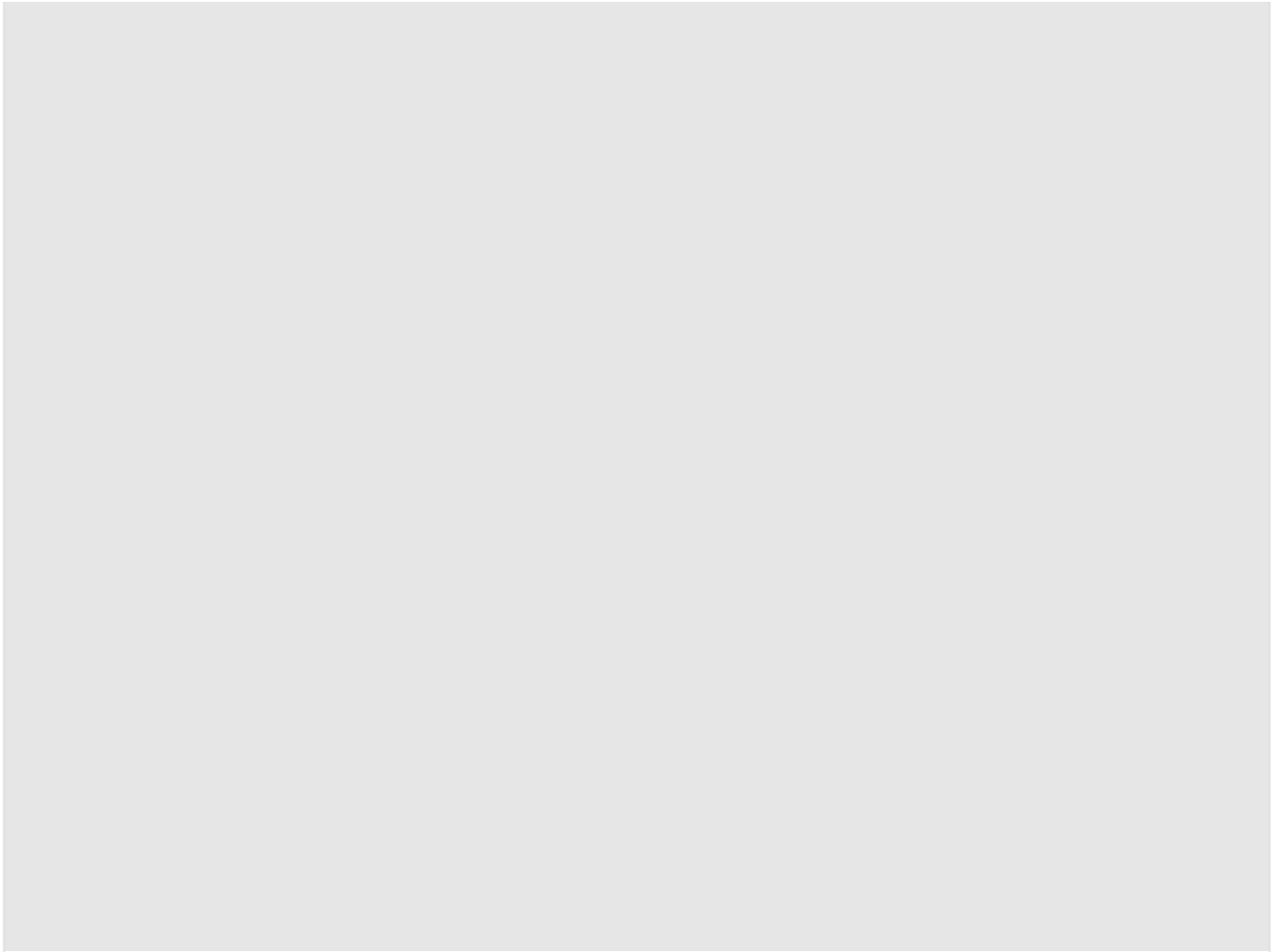
Prescription fraud case defendants to appear in U.S. District Court



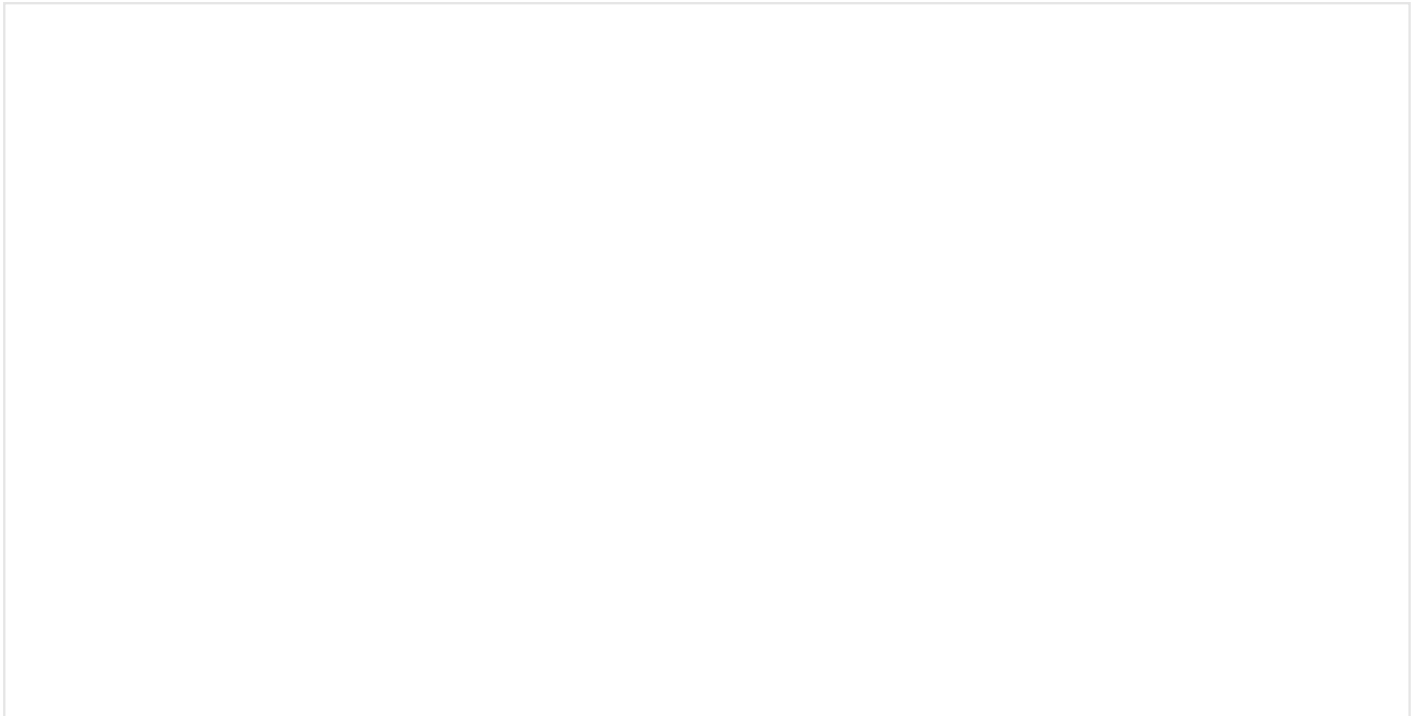


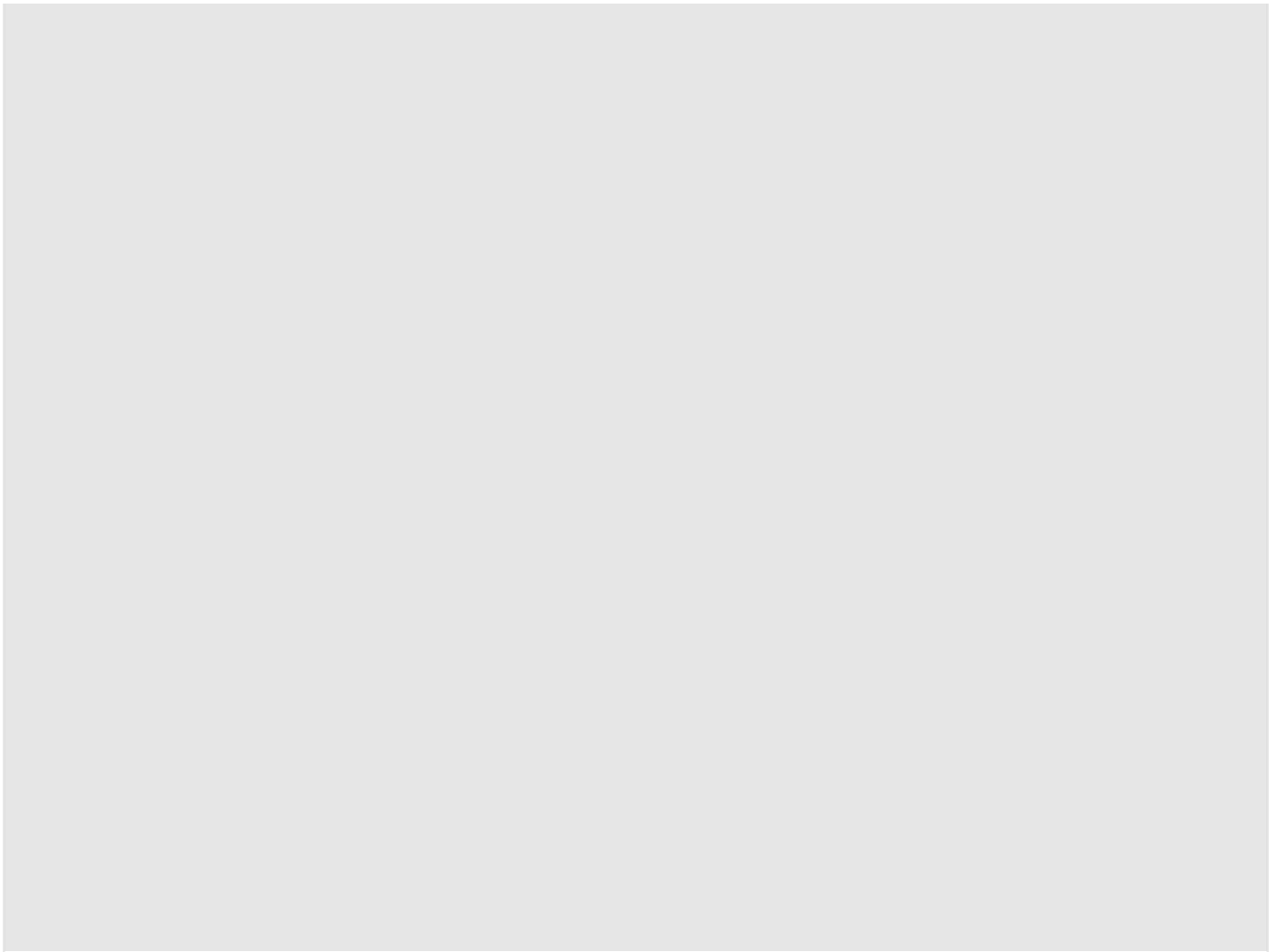
Trial date set for prescription fraud case





Prescription fraud case hearing held virtually amid COVID-19; next date set





Status conference in prescription fraud case held via telephone last week

https://www.pressofatlanticcity.com/news/crime/trial-date-set-for-prescription-fraud-case/article_26d9892f-da9f-5b35-96f9-a5b4a20fbddd.html

Trial date set for prescription fraud case

MOLLY BILINSKI Staff Writer

Dec 11, 2019




Press archives

CAMDEN — A trial date has been set for the seven South Jersey co-defendants who have pleaded not guilty in an ongoing \$50 million health benefits fraud scheme.

The trial, which could last eight to 10 weeks and require up to a 400-person jury pool, is scheduled to begin Sept. 21 before Judge Robert B. Kugler in U.S. District Court.

“We need to treat this as a full-time job and get it done,” Kugler said, explaining the multiweek process to seat a jury, and offered to schedule the trial for four days a week from 9 a.m. to 2 p.m. without a lunch break. “Trials this long exact a toll on people; there’s no question about it.”

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Sentencings delayed again in prescription fraud case

Scheduling for the case, which includes jury selection beginning Aug. 24, was worked out during a status conference Tuesday afternoon, where attorneys for the seven co-defendants appeared without their clients.

Who's been charged in prescription fraud case?

None of the attorneys, or Assistant U.S. Attorney R. David Walk Jr., who represents the government in the case, objected to the scheduling.

Those charged include Northfield residents William Hickman, 42, a pharmaceutical sales representative, and his wife, Sara, 42 a former teacher, who prosecutors allege were major figures in a local criminal organization, cheating taxpayer-funded public workers' health insurance programs in a massive prescription fraud scheme that ran from January 2015 to April 2016. Public employees, including teachers, firefighters and municipal police officers, were recruited to obtain medically unnecessary prescriptions, netting kickbacks for the conspirators, court documents show.



2 doctors, 3 associates charged in ongoing health benefits fraud case

More than 30 people have been charged in the case since August 2017.

Five others who have pleaded not guilty include:

Brian Pugh, 41, of Absecon, co-owner of Tony's Baltimore Grill and owner of BP Med 1 LLC

Thomas Schallus, 42, a Ventnor police officer, who was allegedly recruited by Pugh

Christopher Broccoli, 47, of West Deptford, Gloucester County, a Camden firefighter

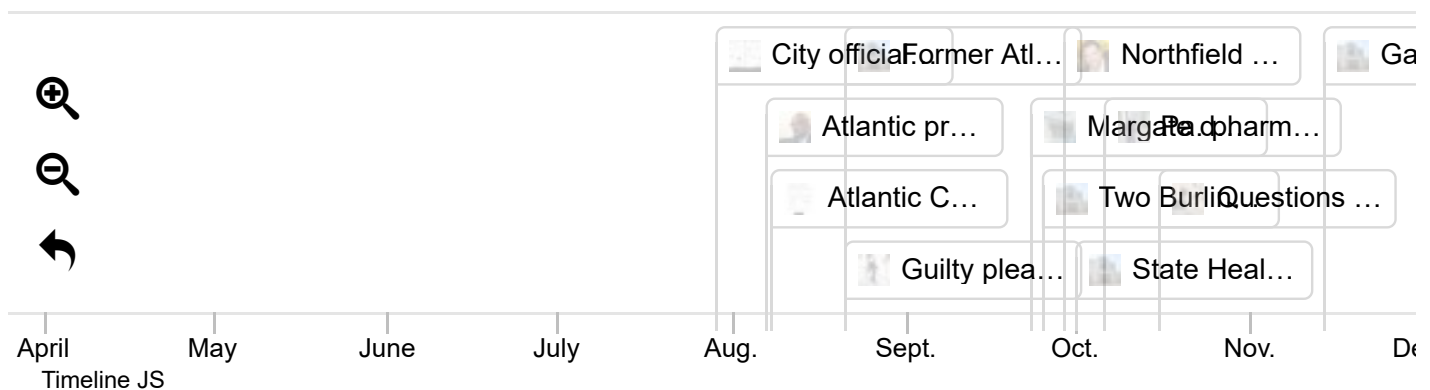
Thomas Sher, 46, of Northfield, and John Sher, 37, of Margate. Both men are Margate firefighters and were allegedly recruited by their brother Michael Sher, another Margate firefighter. Michael Sher has already pleaded guilty in the case.

Also during the conference, Walk and the attorneys talked about the ongoing exchange of evidence. So far, status conferences have been continued twice to allow attorneys more time to go over data.

Last month, Walk gave the defense an additional 12 gigabytes of data, he said. That's on top of the 28 gigabytes of data with more than 110,000 documents and more than 500,000 pages that have already been exchanged.

The next status conference was scheduled for 3 p.m. March 25 to go over jury questionnaires, as well as details of the preliminary jury charge.

A timeline of prescription fraud in South Jersey

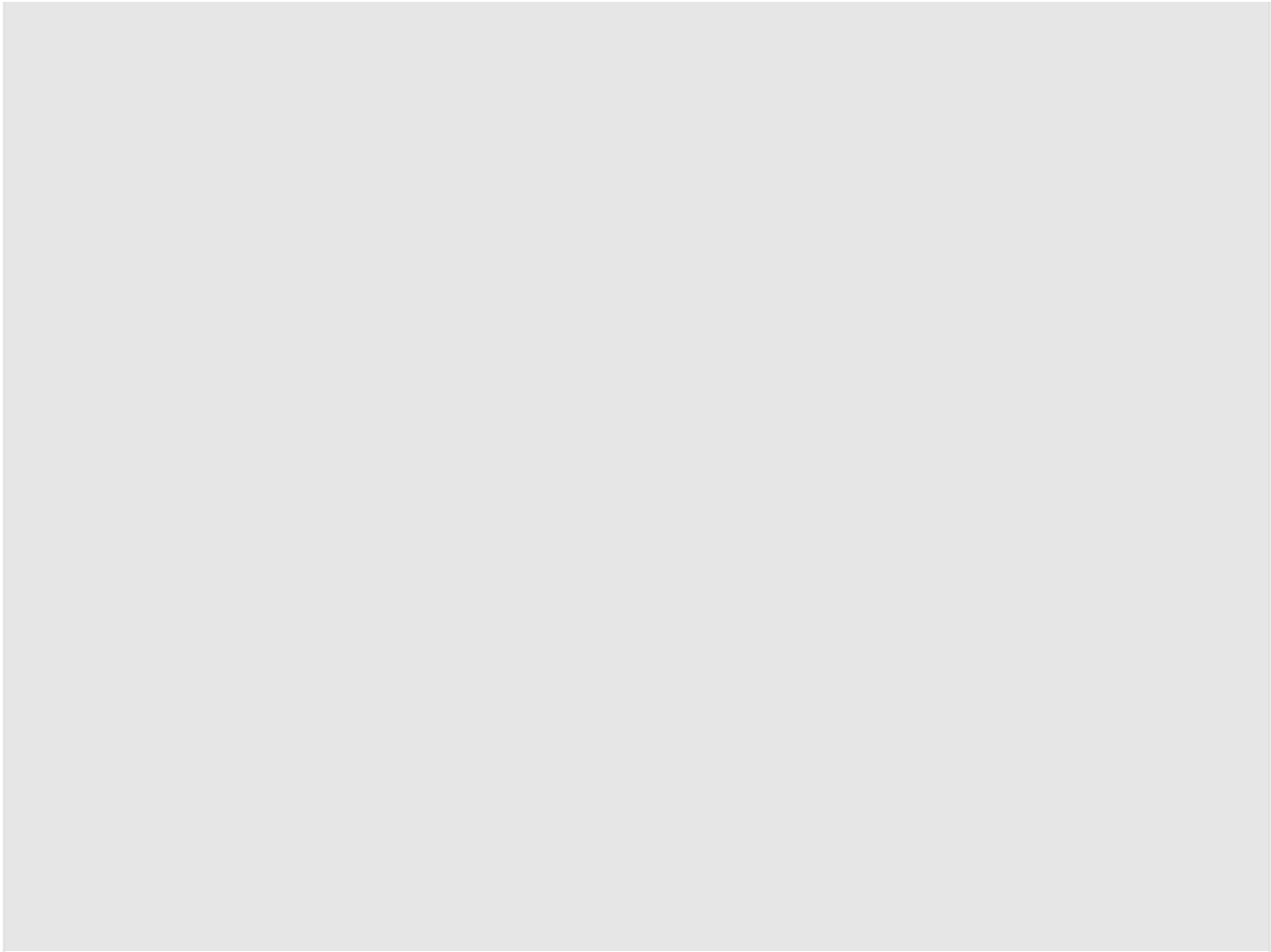


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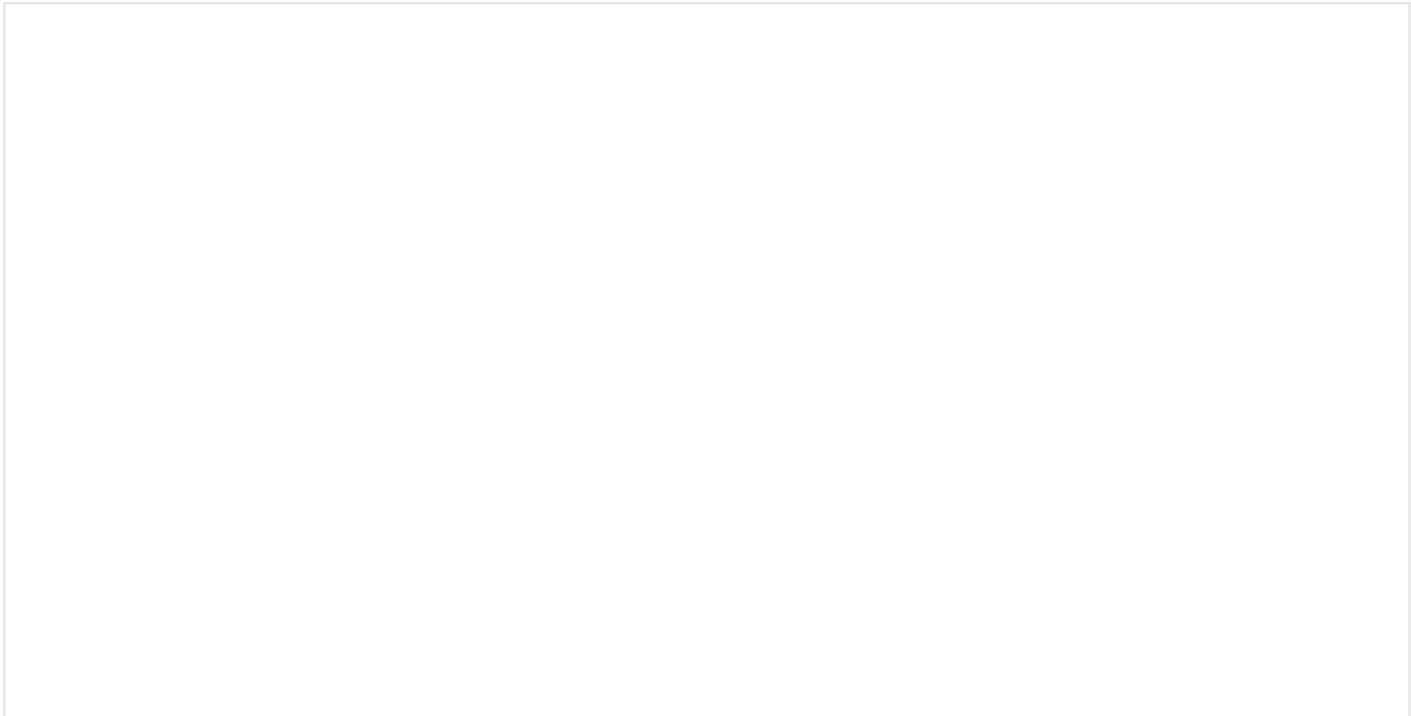
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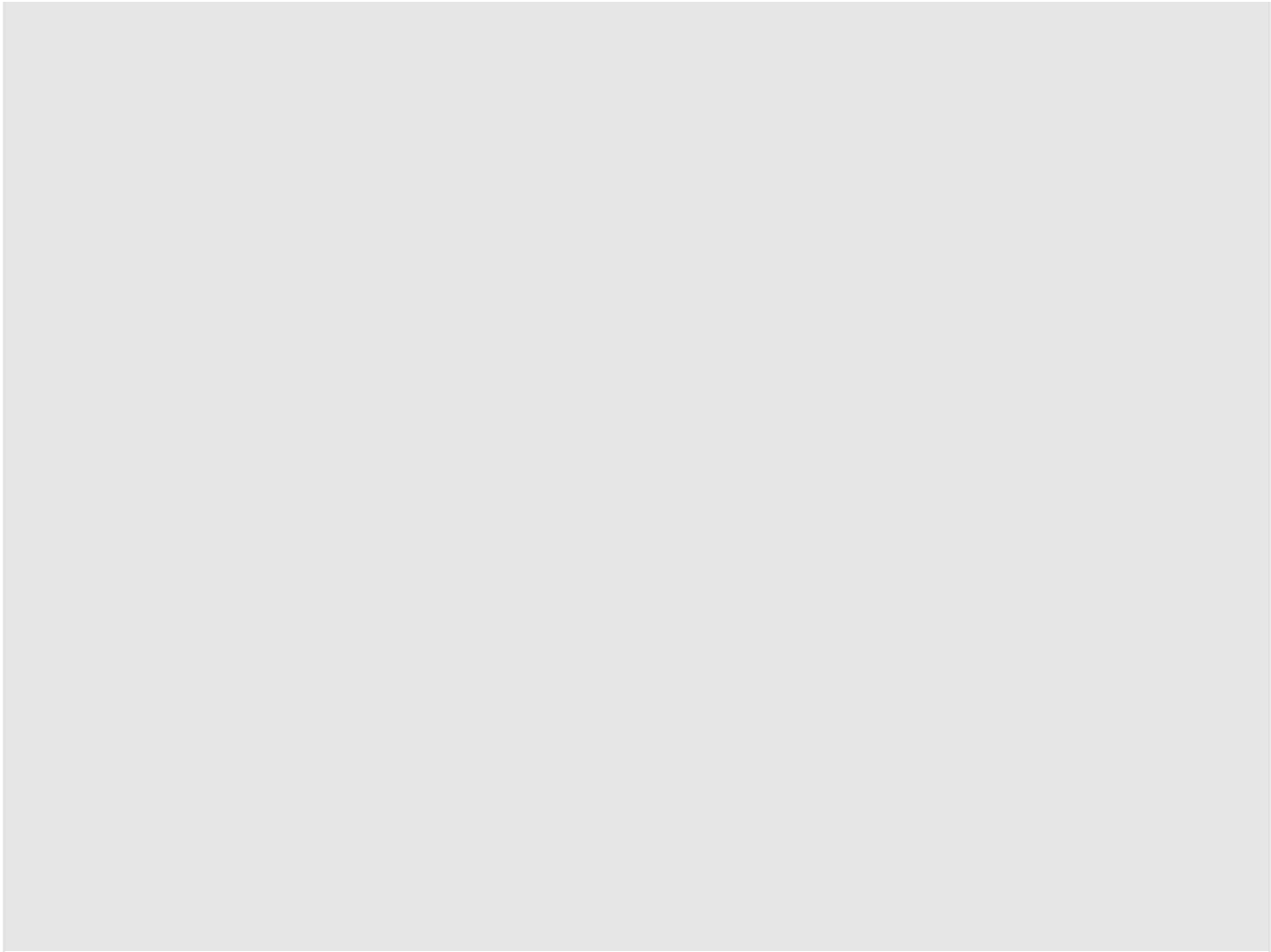
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Attorneys in pharmaceutical fraud case request more time to analyze 500K documents

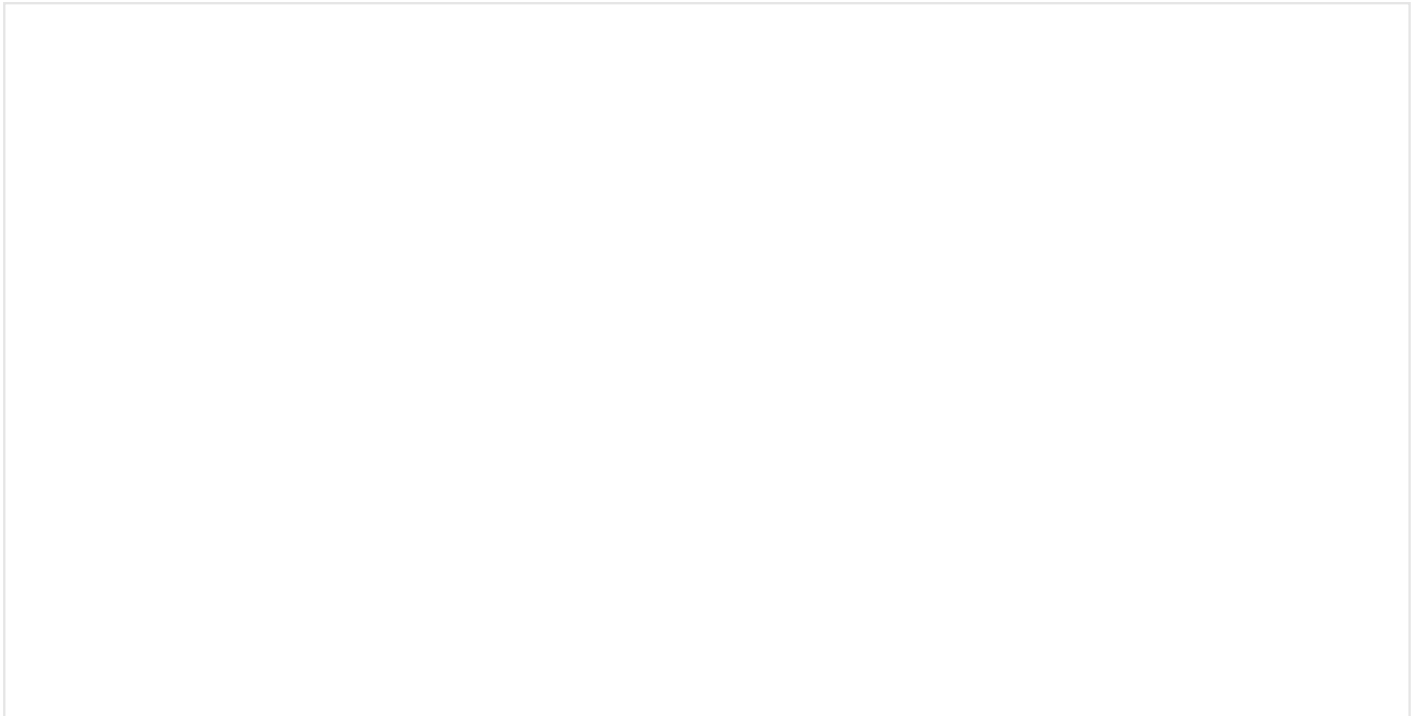


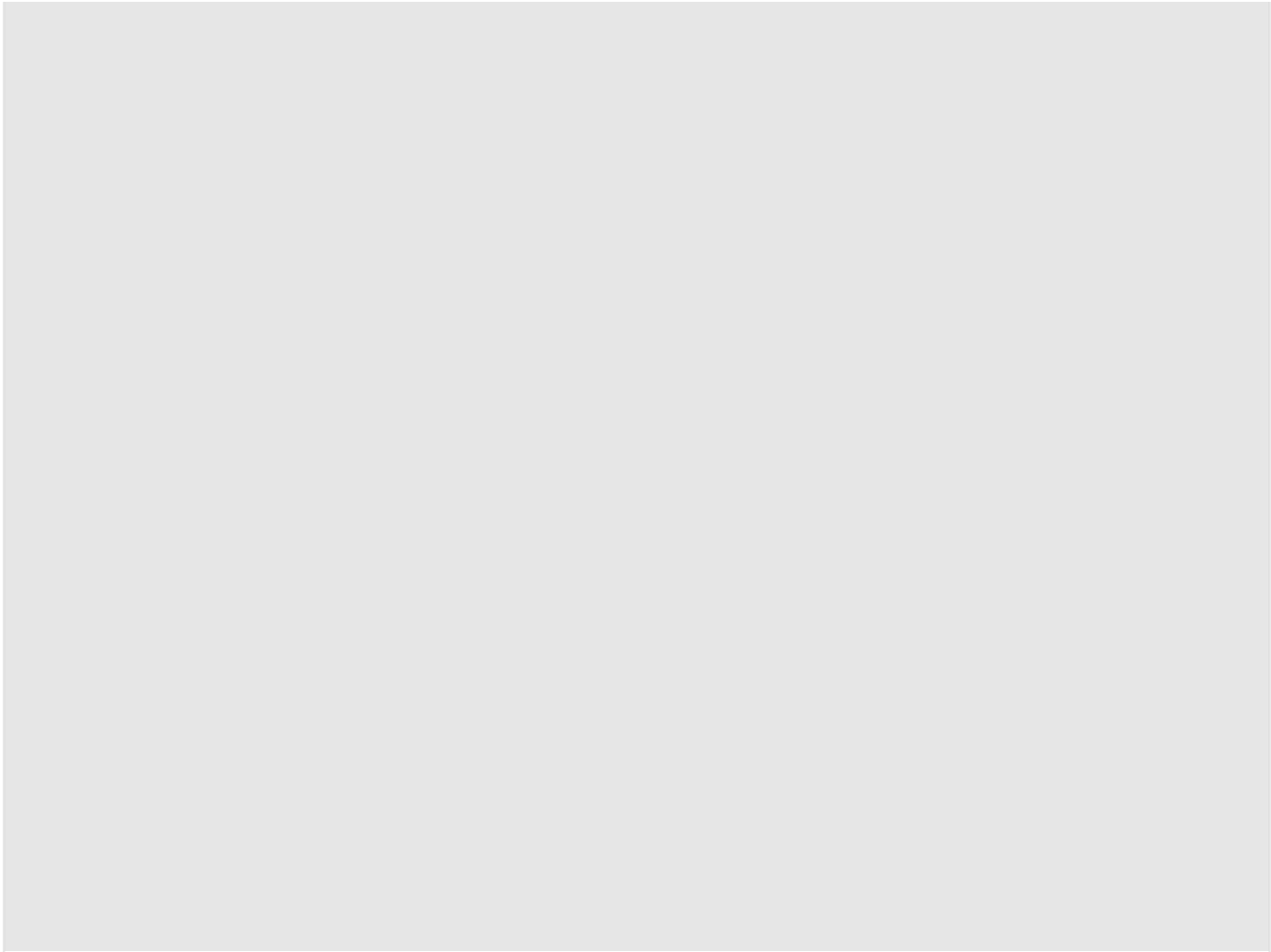
Stafford Township woman first sentenced in prescription fraud case





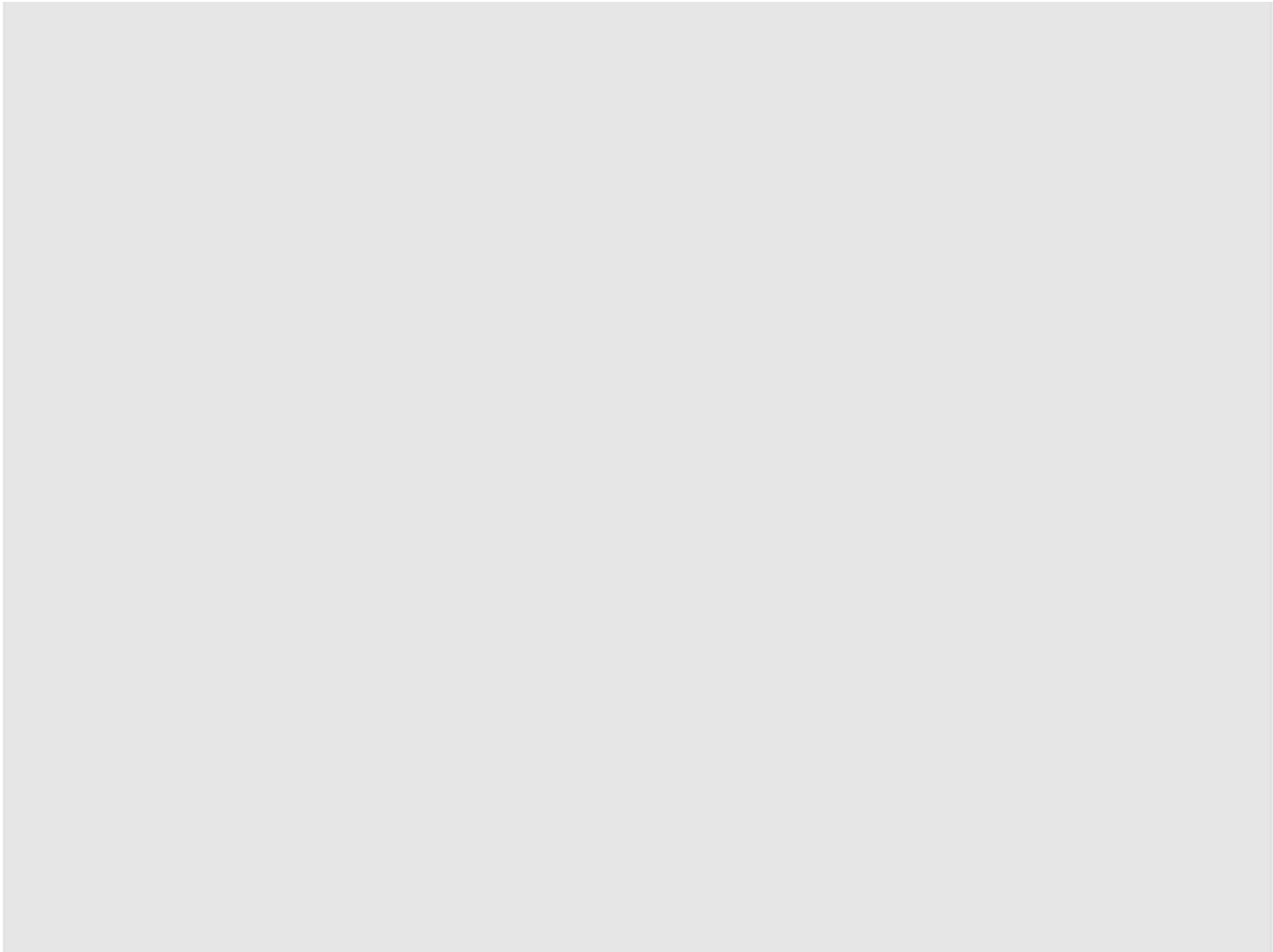
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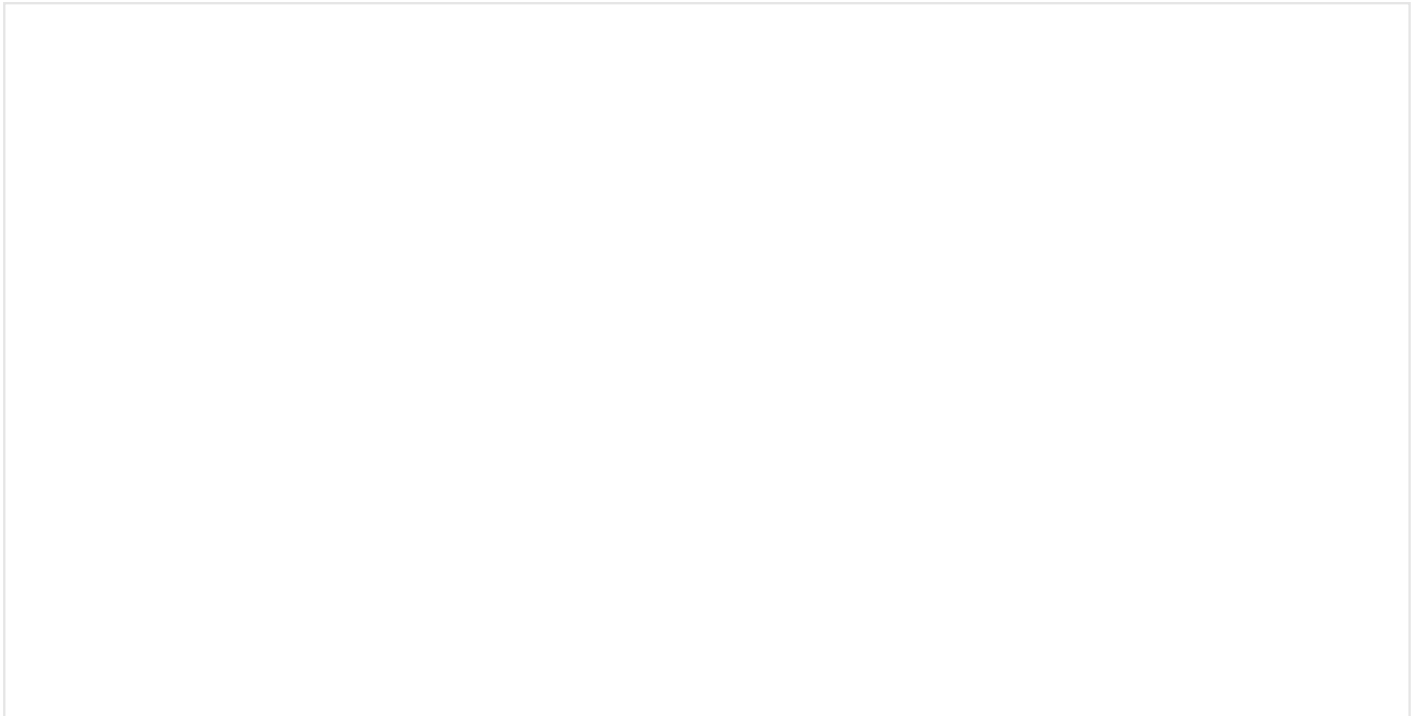


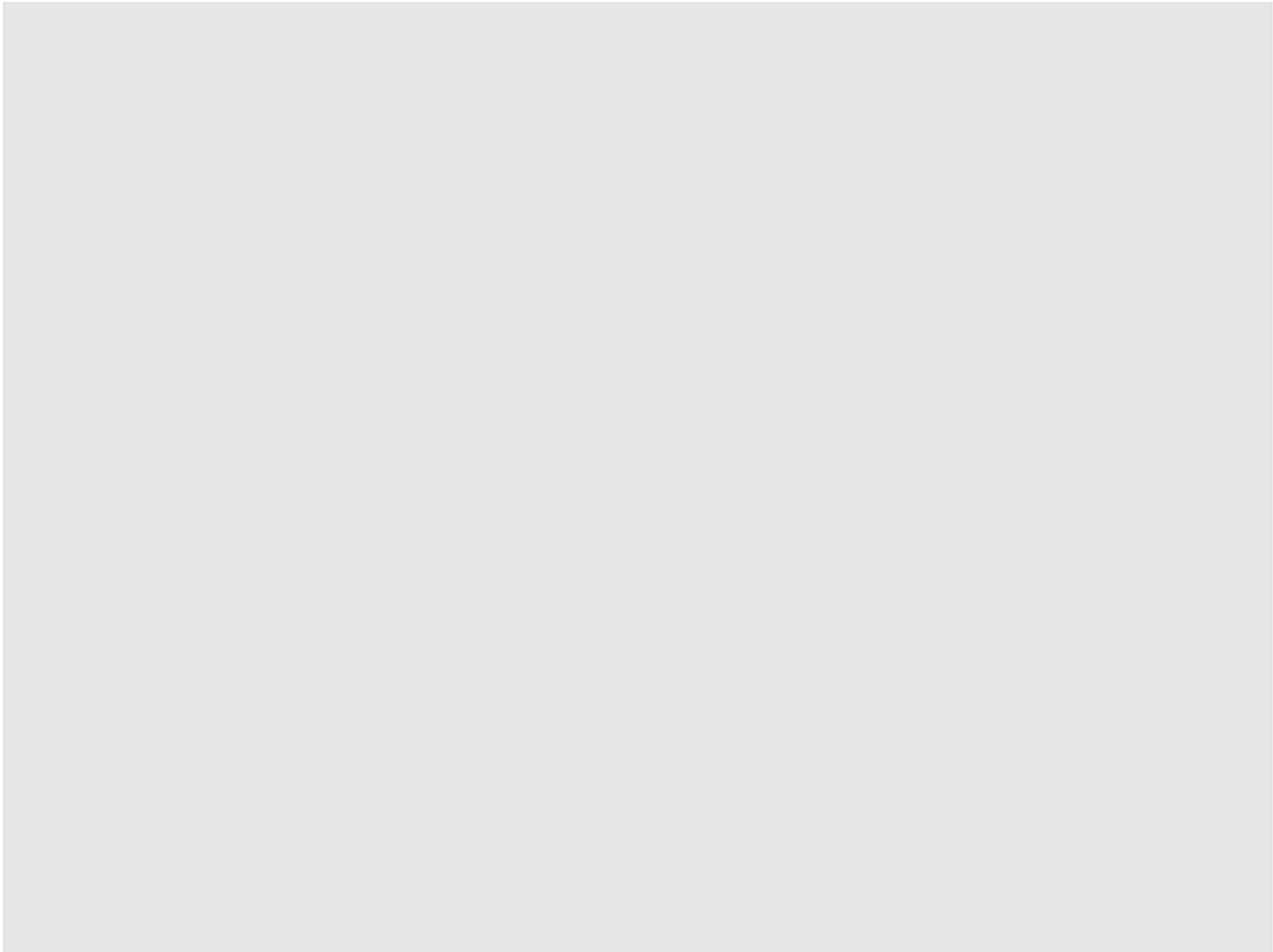
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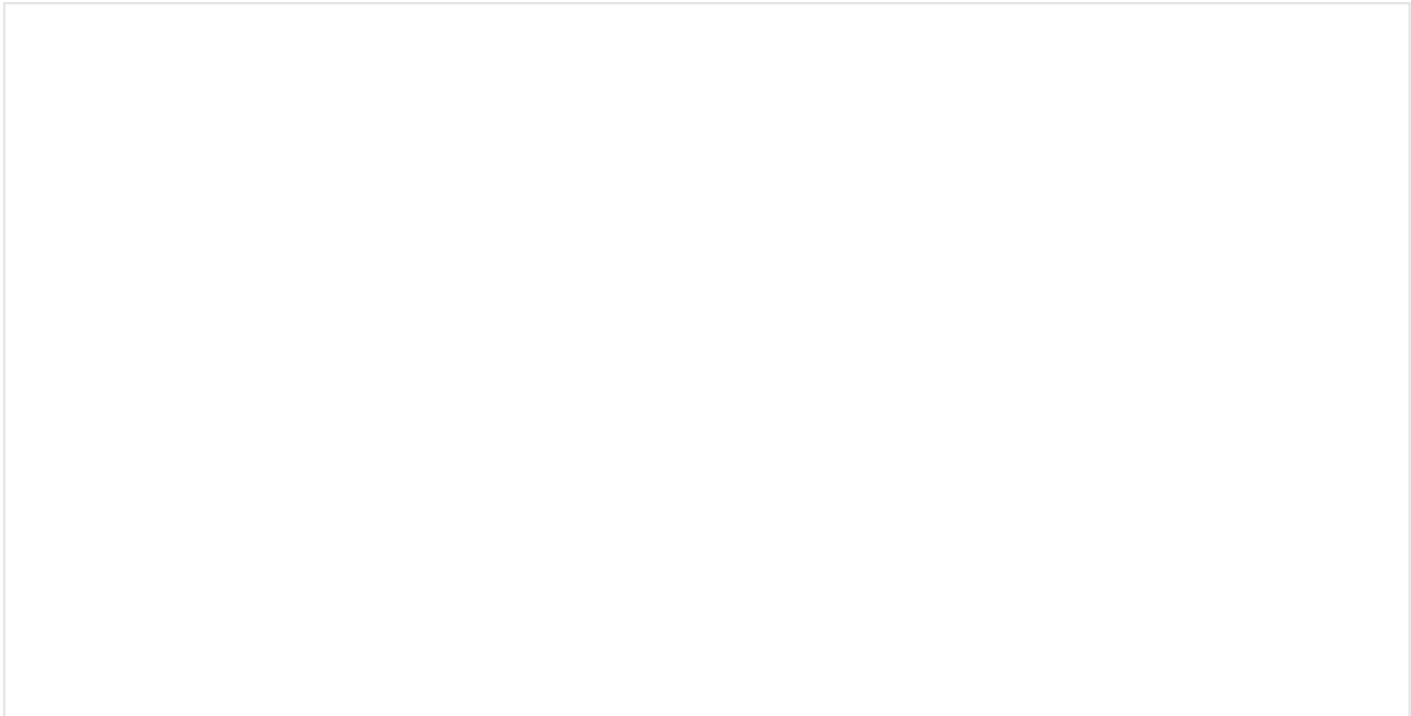


Another former Ventnor firefighter admits role in state health benefits fraud



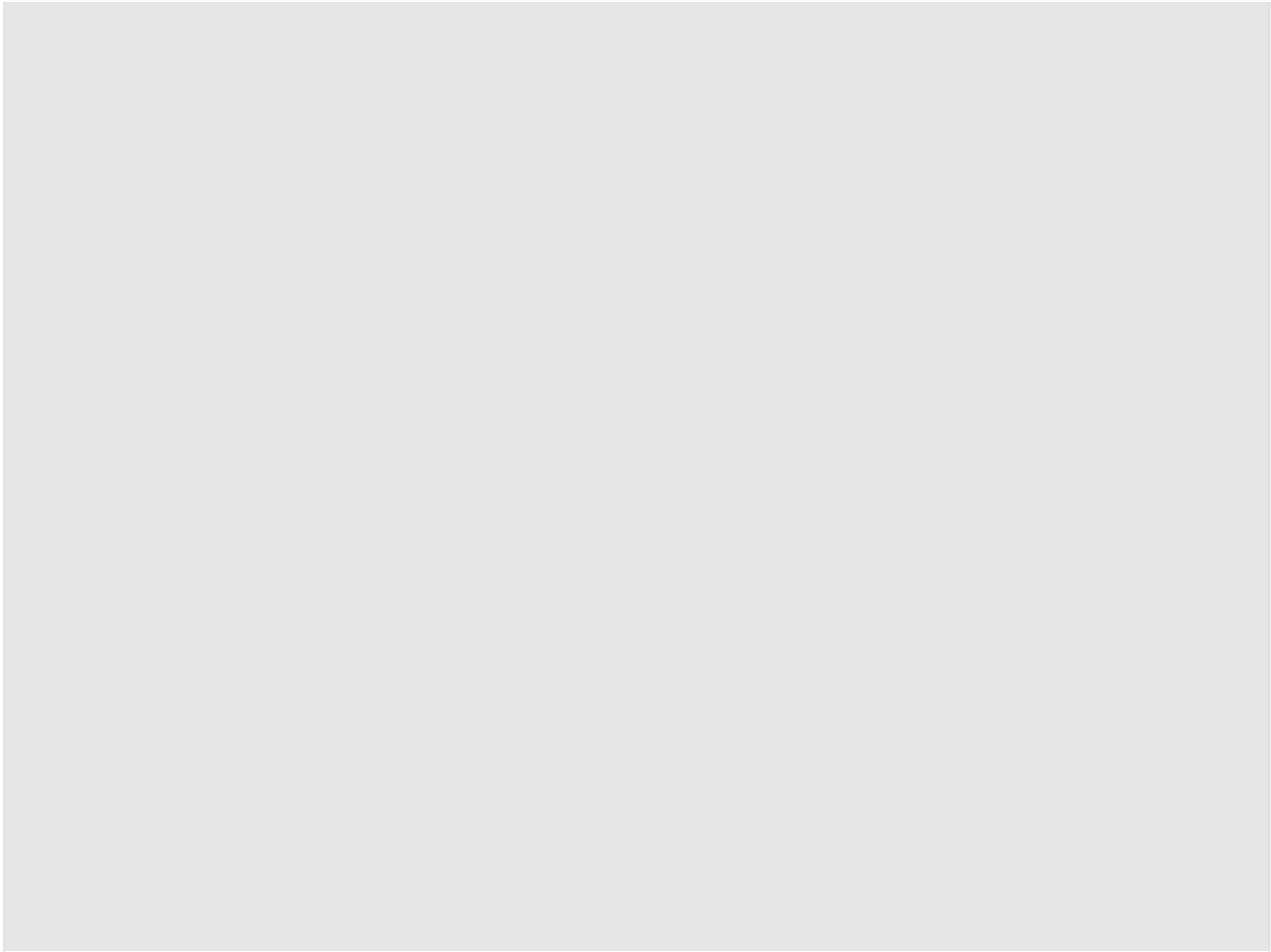


Residents charged in ongoing fraud case were hiding in plain sight

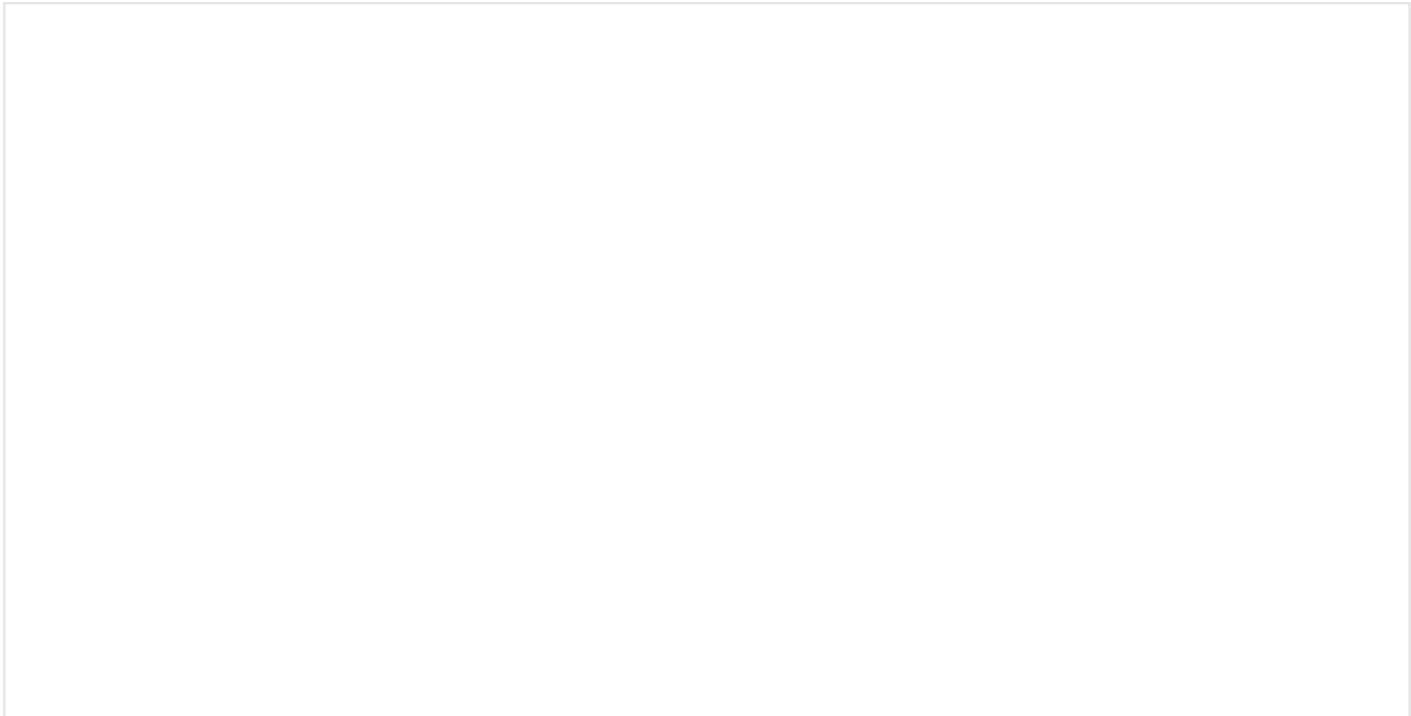




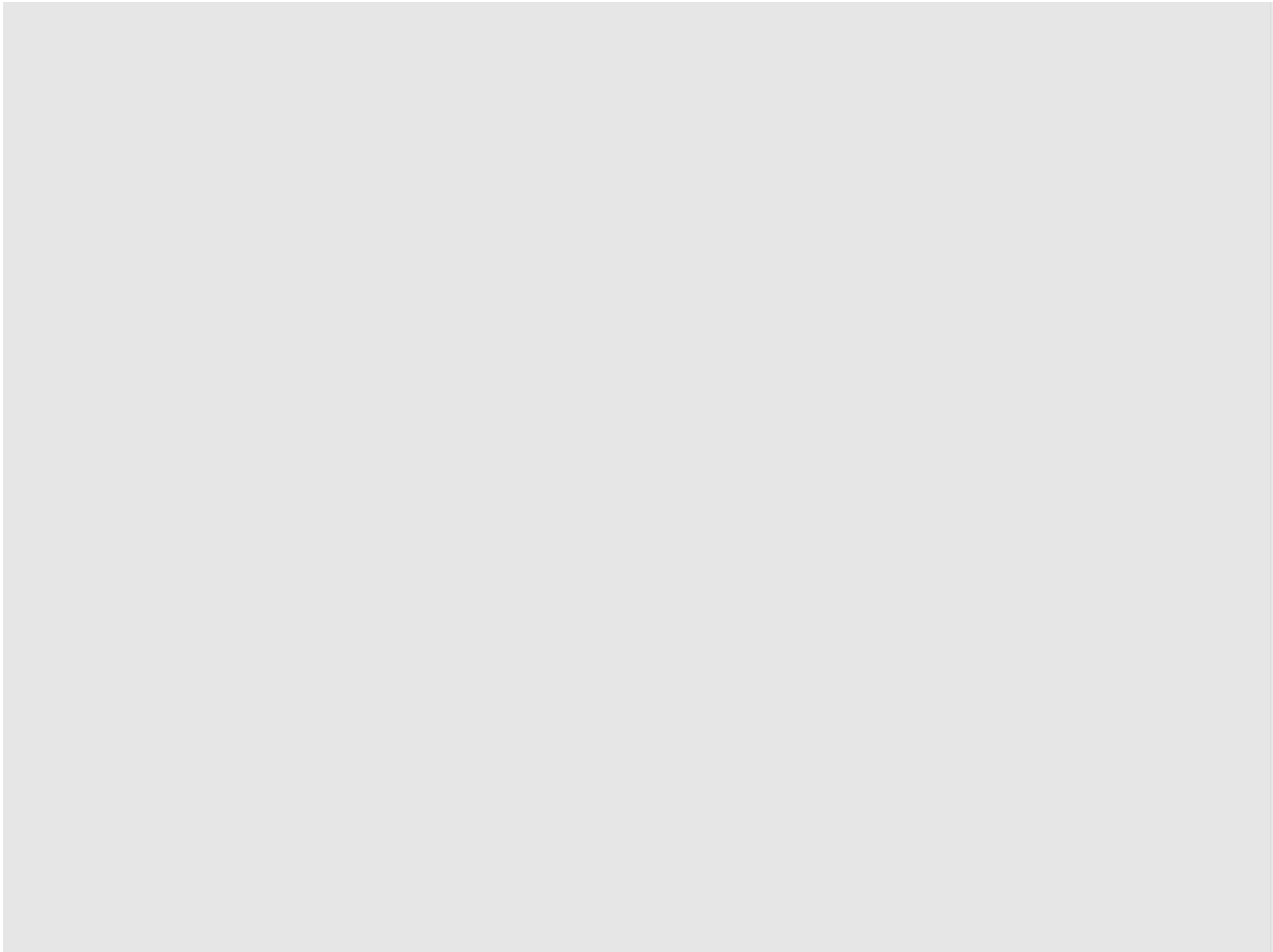
Judge rules Sher brothers can meet without lawyer in prescription fraud case



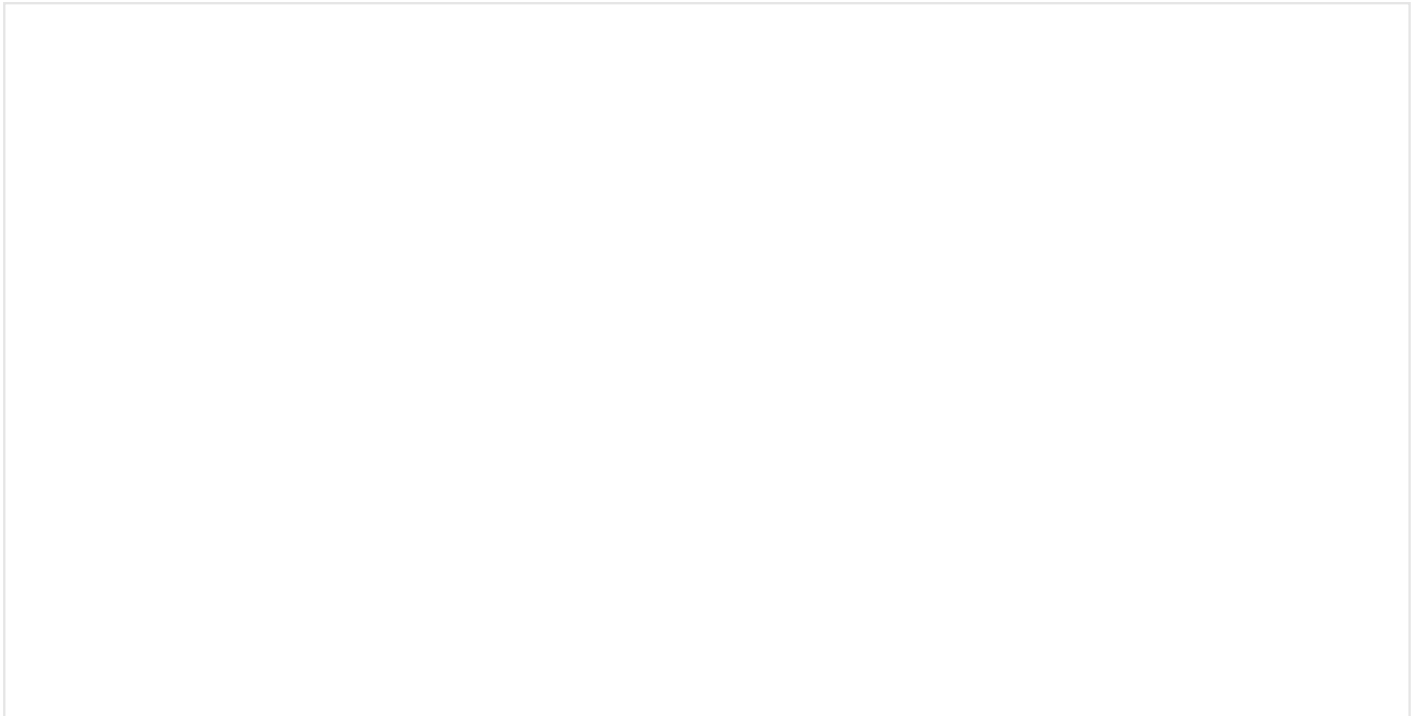
Vineland woman dies after Sunday crash

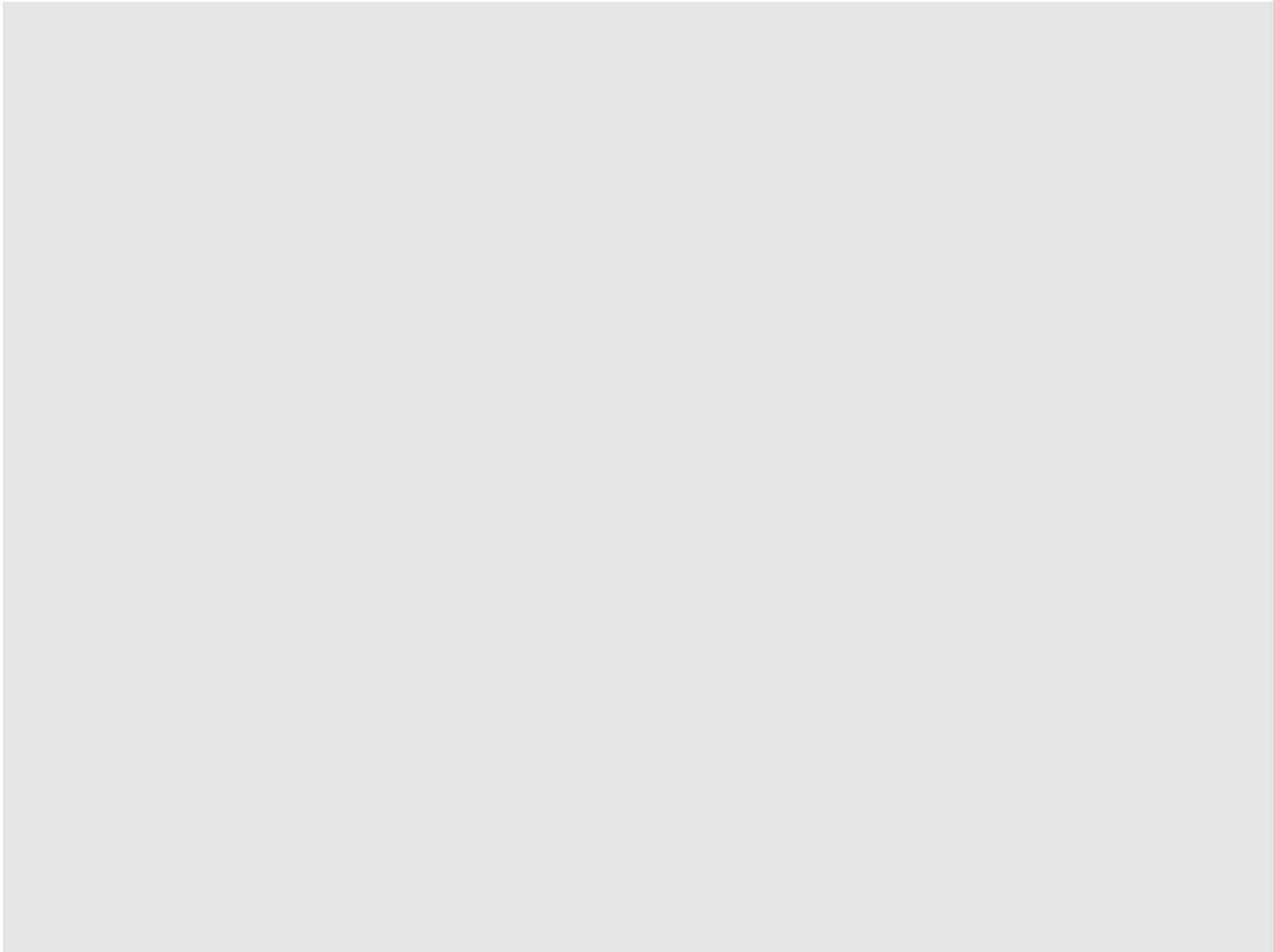


Dennis Township residents lost power Wednesday morning due to fallen tree branch



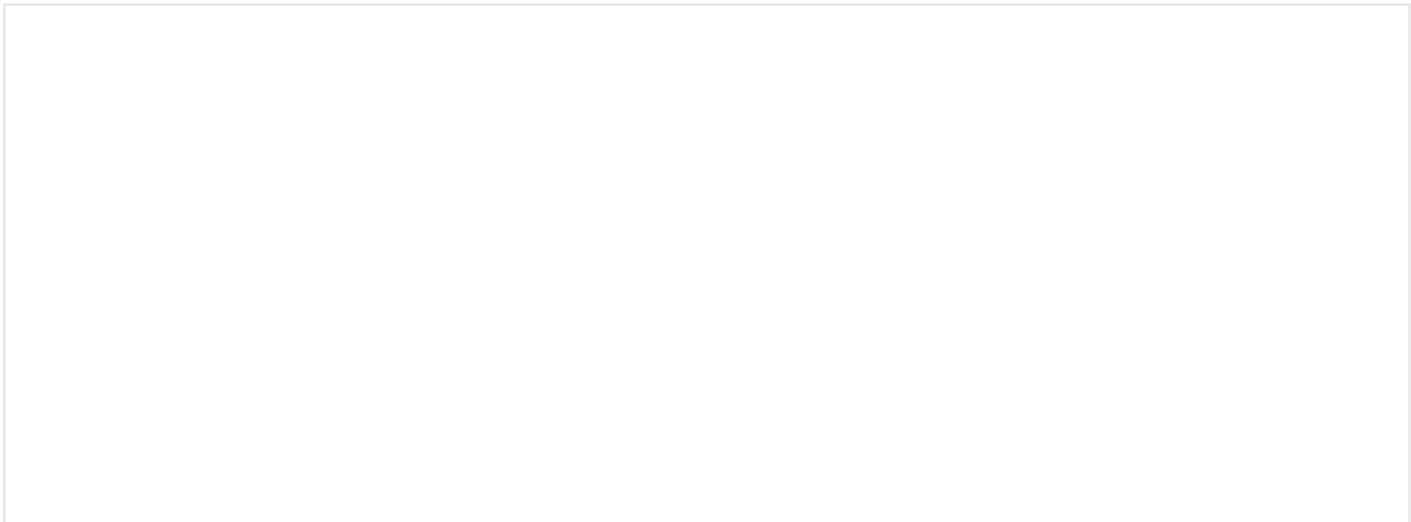
2 Buena residents arrested after police find marijuana, fentanyl during search

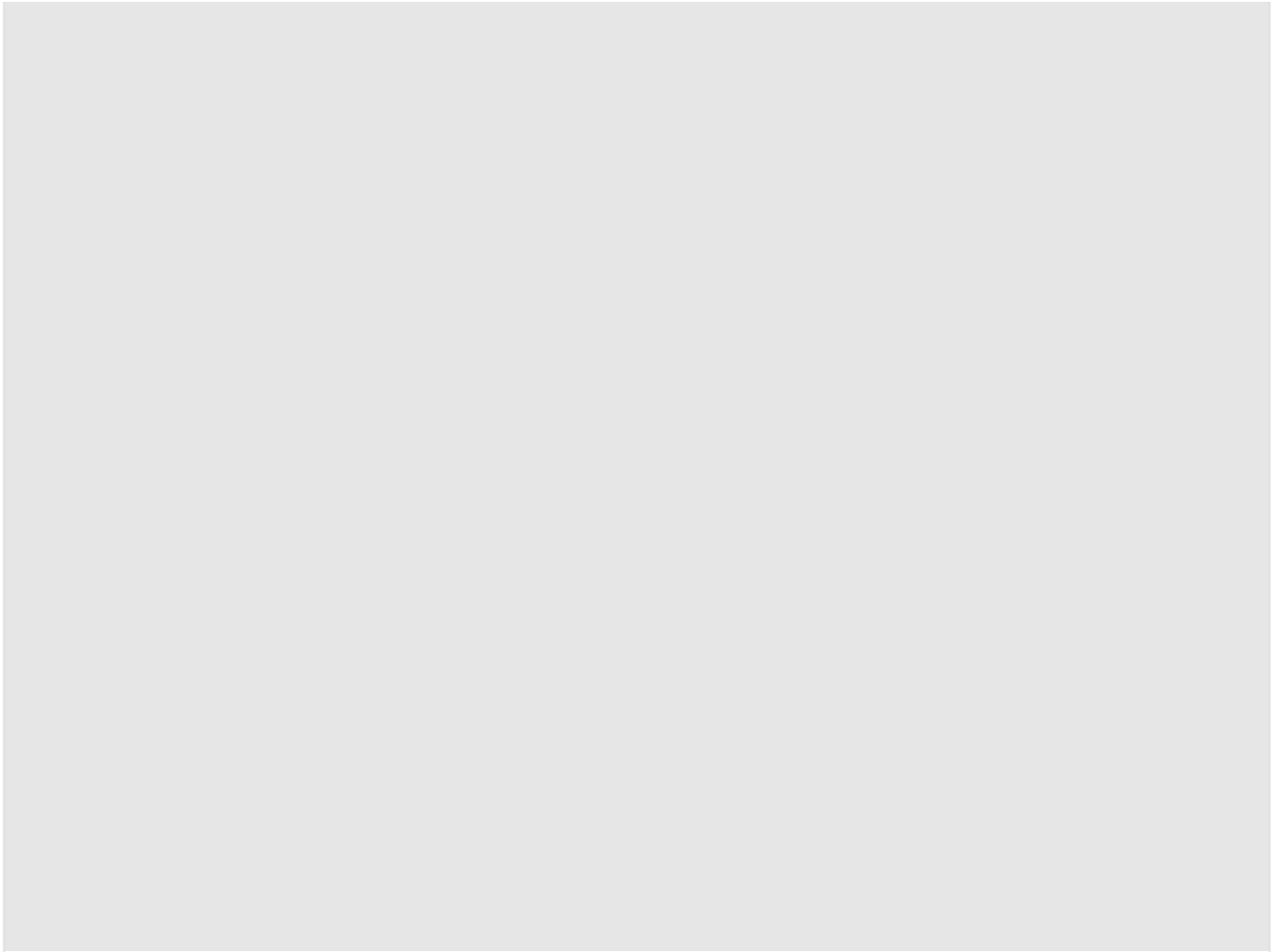




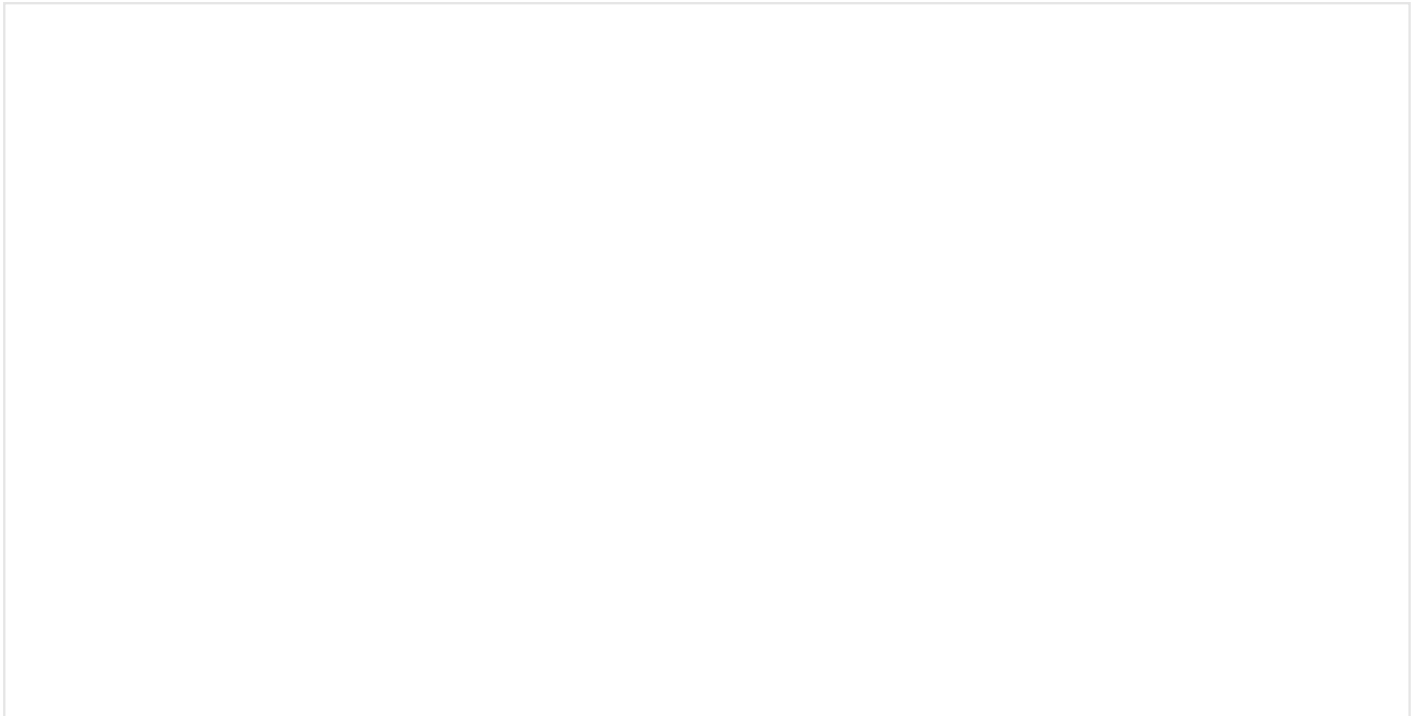
Northfield nixes vote on shared court services with EHT, partners with Linwood

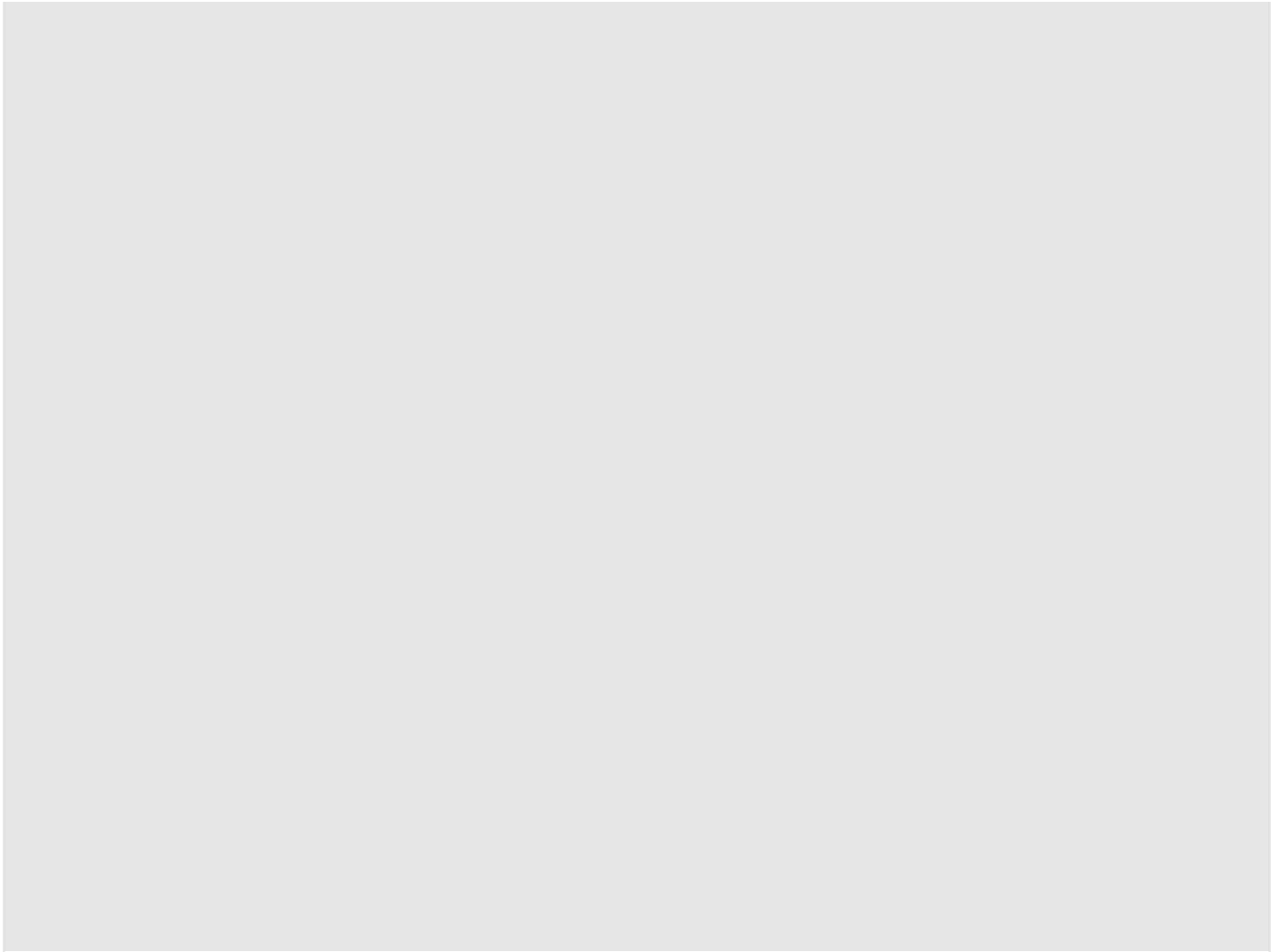
Van Drew, other Dems vote to let Medicare negotiate drug prices



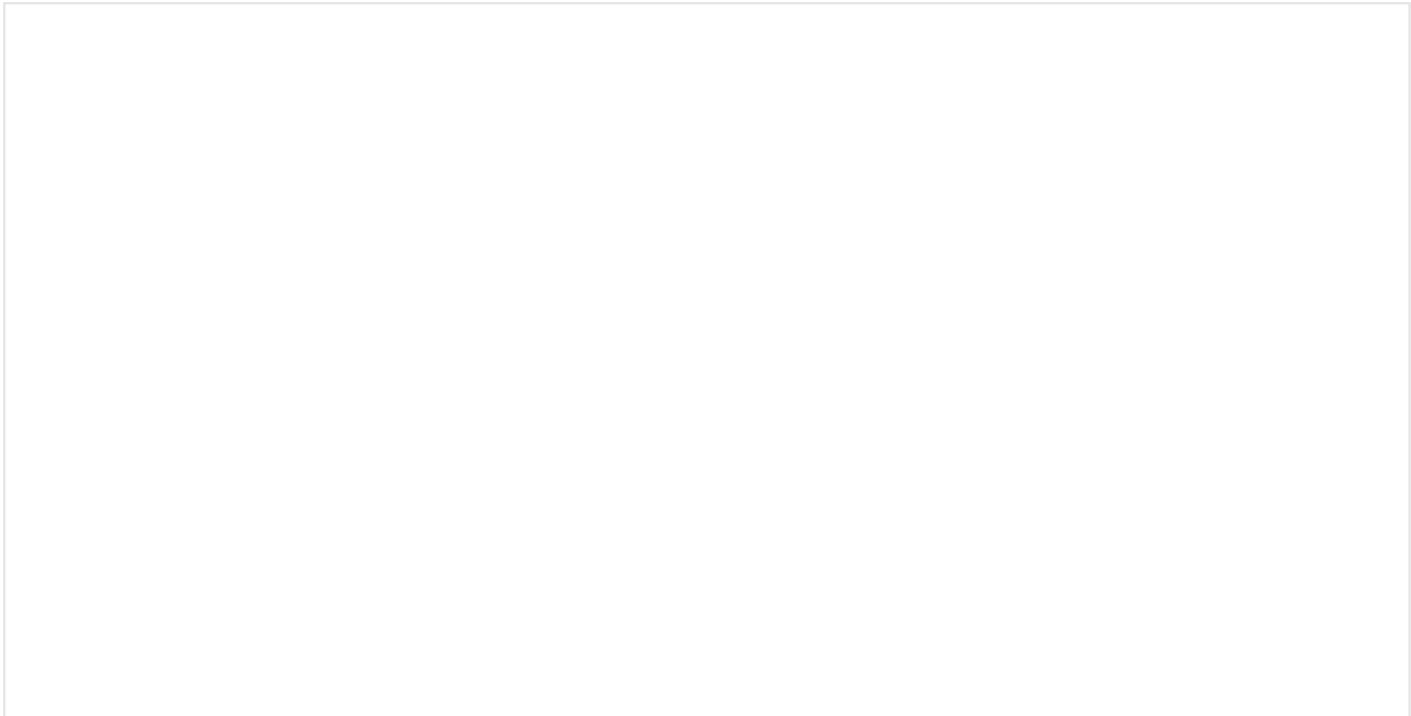


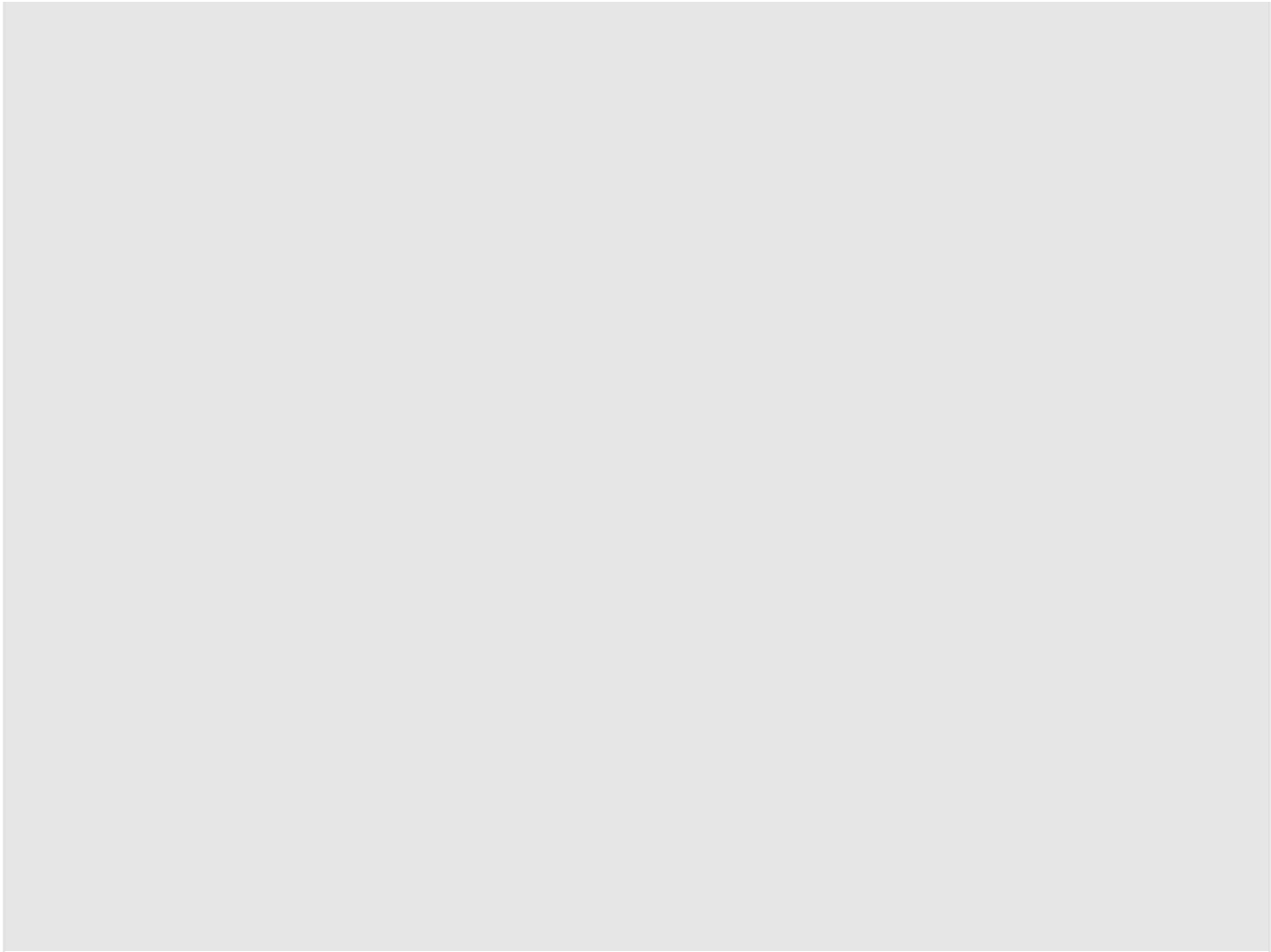
Northfield pharmaceutical rep admits to health care fraud



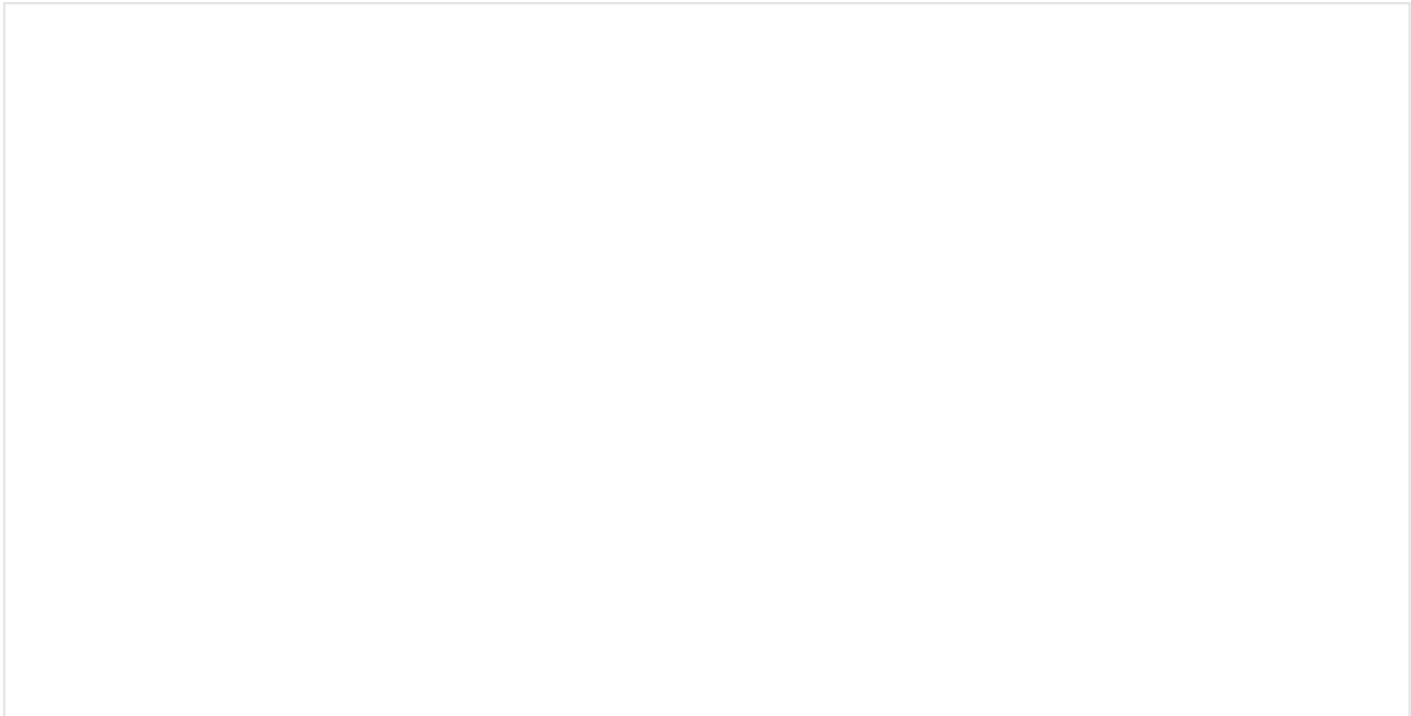


Sentencings postponed again in prescription fraud case





Prescription fraud case hearing held virtually amid COVID-19; next date set



Status conference in prescription fraud case held via telephone last week

Molly Bilinski

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https://www.pressofatlanticcity.com/news/crime/status-conference-in-prescription-fraud-case-held-via-telephone-last-week/article_bfbfd400-ed77-581b-b604-1c312b384bfa.html

TOP STORY

Status conference in prescription fraud case held via telephone last week

MOLLY BILINSKI Staff Writer

Apr 28, 2020



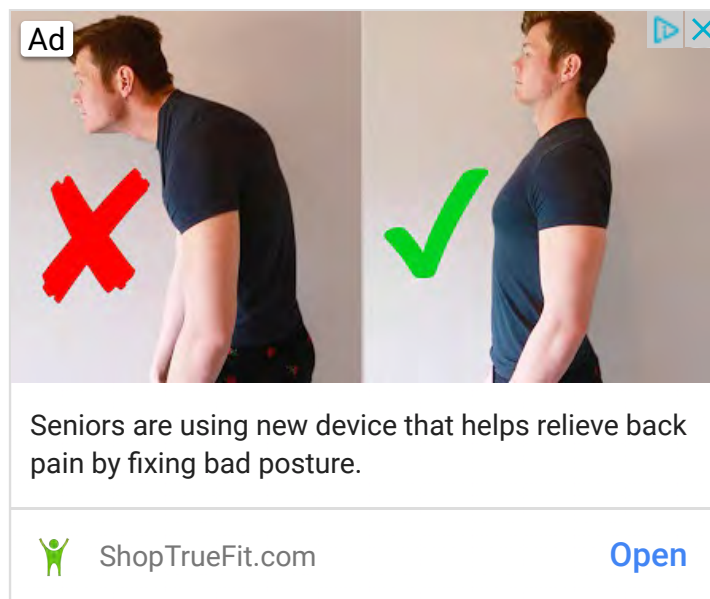
In this combination of two photos, William and Sara Hickman are escorted out of the FBI office in Northfield on March 15, 2019, after being charged with participating in the ongoing health benefits fraud scheme.

Press archives

CAMDEN — A status conference for the seven South Jersey co-defendants who have pleaded not guilty in an ongoing \$50 million health benefits fraud scheme was held via telephone last week.

Attorneys for Northfield residents William Hickman, 42, a pharmaceutical sales representative, his wife, Sara, 42, a former teacher, and five others participated in a status conference via phone Friday, court records show.

Judiciary officials in March entered an order allowing some court hearings to be conducted virtually due to the spread of COVID-19.



Court records show a 10-minute telephonic status conference was held, but did not include details of the proceedings.



Prescription fraud case hearing held virtually amid COVID-19; next date set

There is no date scheduled for the next hearing, according to court records, but the trial is slated to begin Sept. 21 before Judge Robert B. Kugler in U.S. District Court, with jury selection beginning Aug. 24.

Prosecutors say the Hickmans were major figures in a local criminal organization, cheating taxpayer-funded public workers' health insurance programs in a massive prescription fraud scheme that ran from January 2015 to April 2016. Public employees, including teachers, firefighters and municipal police officers, were recruited to obtain medically unnecessary prescriptions, netting kickbacks for the conspirators, court documents show.



Trial date set for prescription fraud case



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Five others who have pleaded not guilty are:

Brian Pugh, 41, of Absecon, co-owner of Tony's Baltimore Grill and owner of BP Med 1 LLC

Thomas Schallus, 42, a Ventnor police officer who was allegedly recruited by Pugh

Christopher Broccoli, 47, of West Deptford, Gloucester County, a Camden firefighter


Thomas Sher, 46, of Northfield, and John Sher, 37, of Margate. Both men are Margate firefighters and were allegedly recruited by their brother Michael Sher, another Margate firefighter. Michael Sher has pleaded guilty in the case.

Assistant U.S. Attorney R. David Walk Jr. represents the state in the case.

Sentencings for the more than two dozen people who have pleaded guilty to their roles in the scheme have been scheduled for June before Kugler, court records show.

🔗 Who's been charged in prescription fraud case?

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Sentencings postponed again in prescription fraud case



Prescription fraud case defendants to appear in U.S. District Court



Court date for prescription fraud case postponed



Sentencings delayed again in prescription fraud case



Second teacher in state health benefits fraud case loses license



Attorneys in pharmaceutical fraud case request more time to analyze 500K documents



9 charged with burglary, violating COVID-19 mandate in Atlantic City



LIVE UPDATES: Gov. Murphy to reopen state parks Saturday



Margate police investigate after pair allegedly broke window, vandalized car



Cumberland County freeholder calls for reforms to jail, hazard pay for officers



Atlantic City police, firefighters save ducklings from sewage drain

Molly Bilinski

Staff Writer

My beat is public safety, following police and crime. I started in January 2018 here at the Press covering Egg Harbor and Galloway townships. Before that, I worked at the Reading Eagle in Reading, Pa., covering crime and writing obituaries.

THE PRESS OF ATLANTIC CITY



Mainland's Aquaman

Destin Lisco is The Press Boys Summer of the Year, Ages 8-11

CHRISTCHURCH MOSQUE ATTACK
It's a reminder of how many lost people there are in the world's Mosques. Be kind to us of the mosque. C1

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Rx FRAUD BUST

Pharma rep, wife, more public workers charged



WILLIAM HICKMAN, 42, OF NORTHFIELD
Charged with conspiracy to commit health care fraud and with fraud involving individual acts of health care fraud and with fraud involving individual acts of health care fraud.



SARA HICKMAN, 42, OF NORTHFIELD
Charged with conspiracy to commit health care fraud and with fraud involving individual acts of health care fraud and with fraud involving individual acts of health care fraud.



THOMAS SCHALLUS, 42, OF NORTHFIELD
Charged with conspiracy to commit health care fraud and with fraud involving individual acts of health care fraud and with fraud involving individual acts of health care fraud.



THOMAS SHER, 46, OF MARGATE
Charged with conspiracy to commit health care fraud and with fraud involving individual acts of health care fraud and with fraud involving individual acts of health care fraud.



BRIAN PUGH, 41, OF ABSECON
Charged with conspiracy to commit health care fraud and with fraud involving individual acts of health care fraud and with fraud involving individual acts of health care fraud.



JOHN SHER, 37, OF MARGATE
Charged with conspiracy to commit health care fraud and with fraud involving individual acts of health care fraud and with fraud involving individual acts of health care fraud.

ARMED & AT RISK, COURT SHOWS

The Atlantic City Police Department is a law enforcement agency and a co-sponsor of the Atlantic City Police Department. The Atlantic City Police Department is a law enforcement agency and a co-sponsor of the Atlantic City Police Department. The Atlantic City Police Department is a law enforcement agency and a co-sponsor of the Atlantic City Police Department.

INSIDE

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ONLINE

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Monell gets life in death of wife

MOLLY RILEY JANSKY

BREKIDGEMAN — Mrs. O'Shea Watson had a life-saving order against her husband's adoption to leave her before he killed her. Watson was 32 years old when she was killed. She was a mother of two children. She was a mother of two children. She was a mother of two children.



MOLLY RILEY JANSKY, a woman with glasses, looking down.

EHT charter school fires 12 amid restructuring

CLAIR LOWE

CLAIR LOWE — The EHT Charter School is a charter school. The EHT Charter School is a charter school. The EHT Charter School is a charter school. The EHT Charter School is a charter school. The EHT Charter School is a charter school.

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STEADY WIND
WINDY TO COME: 28
See your doctor, it's
important to be
healthy.

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Mainland's Aquaman

Destin Lasco is The Press' Boys
Swimmer of the Year. Again. **B1**

CHRISTCHURCH MOSQUE ATTACK

"It's a reminder of how many sick people
there are in the world," a Pleasantville
imam says of the shootings. **C1**

Rx FRAUD BUST

Pharma rep, wife, more public workers charged



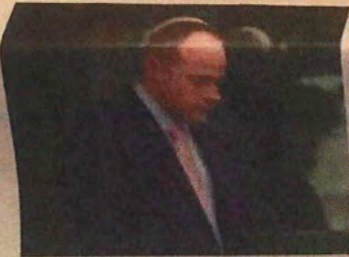
WILLIAM HICKMAN, 42, OF NORTHFIELD

Charged with conspiracy to commit health care fraud and wire fraud, individual acts of health care fraud and wire fraud, conspiracy to commit money laundering, individual acts of money laundering



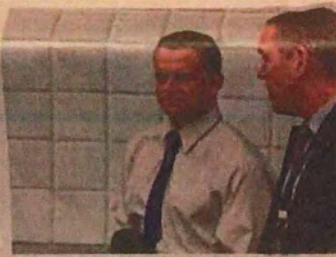
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JOHN SHER, 37, OF MARGATE

Charged with conspiracy to commit health care fraud and wire fraud, individual acts of health care fraud and wire fraud

PHOTOS BY COLT SHAW / STAFF WRITER

**AMANDA AUBLE, COLT SHAW
& MICHELLE BRUNETTI POST**
Staff Writers

Two Margate firefighters, a Ventnor police officer and a co-owner of Tony's Baltimore Grill in Atlantic City were among seven arrested Friday by federal agents in an ongoing \$50 million compounding medication fraud case.

The accused surrendered to FBI agents at the Northfield office early Friday morning. The defendants left the office in handcuffs, each accompanied by a federal agent, who drove them to U.S. District Court in Camden. Meanwhile, a 50-count indictment unsealed Friday revealed the structure of the local criminal organization authorities allege

INSIDE

See an updated graphic on how the scheme is believed to have worked on **A3**.

cheated taxpayer-funded public workers' health insurance programs out of more than \$50 million.

The alleged local ringleaders, who recruited a network of people to submit fraudulent claims for medically unnecessary prescriptions, were identified as Northfield residents William Hickman, 42, a pharmaceutical sales representative, and his wife, Sara, 42.

According to the indictment, the company formed by Sara Hickman, Boardwalk Medical LLC,

ONLINE

Read the indictment and past stories on the fraud probe at PressofAC.com.

received roughly \$26 million in kickbacks for its role, some of which it distributed to others in the enterprise for their services as recruiters.

Also arrested and charged Friday were:

- Brian Pugh, 41, of Absecon, co-owner of Tony's Baltimore Grill and owner of BP Med 1 LLC
- Thomas Schallus, 42, a Ventnor police officer, who was allegedly recruited by Pugh
- Christopher Broccoli, 47, of West Deptford, Gloucester County, a Camden firefighter
- Thomas Sher, 46, of Northfield, and John Sher, 37, of Margate. Both men, Margate firefighters, were allegedly recruited by their brother Michael Sher, another Margate firefighter. Michael Sher pleaded

See **FRAUD, A3**

Monell gets life in death of wife

MOLLY HILGERT

EHT charter school fires

12 amid restructuring





